Examination Practice
Questions & Answers for
试题与解答

Book-keeping and Accounts
簿记与会计学

2

SECOND LEVEL
第 二 级

LCCI
EXAMINATIONS BOARD

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Practice Questions Booklet

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LCCIEB 简介

LCCIEB（即 London Chamber of Commerce and Industry Examinations Board 英国伦敦工商会考试局的英文缩写）是国际性的考试机构。它创办于 1890 年，目前已经在世界上 90 个国家和地区设立了考试中心，报读报考无年龄及学历限制，亦可自学自考。每年的 3 月、4 月、6 月、11 月在世界各地举行全球统一考试，由英国伦敦总部统一评卷、统一发证。LCCIEB 所颁发的证书在英联邦国家和东南亚国家受到普遍承认，特别是在英国、加拿大、澳大利亚、新西兰、新加坡和香港等地一直享有“求职通行证”的美誉。LCCIEB 证书还是海外大学接受的入学条件之一。

LCCIEB 在中国

LCCIEB 于 1995 年进入中国，成为首个由国家教育部（NEEA）承认及主办的国际性的职业资格考试，目前已在全国 18 个省及直辖市设有考试点，开设的考试有市场营销、西方会计、文秘和商务研究四大类。其中西方会计系列教材从低到高分为三个级别，包括 6 本书：簿记学一级（Book – keeping Level 1)、簿记与会计学二级（Book – keeping & Accounts Level 2)、会计学三级(Accounting Level 3)、管理会计学三级（Management Accounting Level 3)、成本会计二、三级（Cost Accounting Level 2 + 3)、商务统计二、三级（Business Statistics Level 2 + 3)。

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LCCIEB 与您的未来

随着中国即将加入 WTO，外资企业在中国的数量和规模越来越大，故此，能适应外企运作的及达到国际通用标准的 LCCIEB 专职人才将更受亲睐。LCCIEB 将为你开启通往更高职业的大门！

Contents

Introduction

For assured success in the LCCIEB Second Level Book-keeping and Accounts examination, your study of the principles and method of the discipline needs to be complemented by ample practice in answering questions.The LCCIEB candidates' guide, *How to Pass Book-keeping and Accounts, Second Level*, provides numerous questions, many of examination standard, together with worked examples.This booklet, *Examination Practice Questions for Book-keeping and Accounts, Second Level*, provides a wide range of questions relating to the LCCIEB examination. By working through these questions, you will reinforce your existing knowledge and increase your experience in dealing with examination problems. *Examination Practice Questions for Book-keeping and Accounts, Second Level* can be used independently of, or in conjunction with, the *How to Pass* title, which has its own progressive structure.

To obtain the maximum benefit from the examination practice questions, it is essential that you work through them as far as you can before you consult the accompanying booklet, *Answers to Examination Practice Questions for Book-keeping and Accounts, Second Level.*

First Level revisited

QUESTION 1

John Smith, an accounts student who has not studied very hard, produced the following Trial Balance at 31 December Year 7:

A. Towner
Trial Balance at 31 December Year 7

	£	£
Administration expenses	12,330	
Bad debts written off		2,400
Capital		125,000
Carriage inwards	1,250	
Carriage outwards		2,100
Creditors		18,700
Debtors	12,400	
Depreciation for year:		
Equipment	2,000	
Plant	2,400	
Discounts allowed	1,650	
Discounts received	1,540	
Drawings		14,000
Equipment	15,400	
Plant	65,540	
Premises	84,850	
Accumulated depreciation:		
Equipment	10,000	
Plant		35,000
Purchases	42,000	
Returns inwards		2,600
Returns outwards		2,300
Sales	88,700	
Selling costs		14,320
Opening stock – 1 January Year 7	6,000	
Closing stock – 31 December Year 7		7,000
	346,060	223,420

REQUIRED

Prepare a correct Trial Balance.

QUESTION 2

In the books of Jones Ltd, the Provision for Doubtful Debts Account had a credit balance of £100 at 31 December Year 3.

At 31 December Year 4, debtors were £20,100, including an amount due of £100 from Finished Ltd, which is to be written off as a bad debt. The provision for doubtful debts is to be 2% of the remaining debtors.

At 31 December Year 5, debtors were £18,200, including an amount due of £200 from Dreamover Ltd, which is to be written off as a bad debt. The provision for doubtful debts is to be reduced to 1% of the remaining debtors.

At 31 December Year 6, debtors were £19,500 but £50 was received from Dreamover Ltd, which had been written off as a bad debt in the previous year. However, a debt due from Kaput Ltd of £500 is to be written off as a bad debt. The provision for doubtful debts is to remain at 1% of the remaining debtors.

REQUIRED

(a) Prepare the following ledger accounts for Years 4, 5, and 6:

- (i) Bad Debts Account
- (ii) Provision for Doubtful Debts Account

(b) Prepare the Balance Sheet extracts for Years 4, 5, and 6.

QUESTION 3

At 1 January Year 6, the following ledger balances were brought forward from the previous year:

	£	
Electricity	800	Cr
Insurance	500	Dr
Rent payable	750	Dr
Rent receivable	600	Cr

The financial year ends on 31 December Year 6.

Note:
All rent payments and rent receipts are in advance.

(continued)

QUESTION 3 (continued)

The following cheque transactions took place during Year 6:

		£
31 January	Electricity	1,200
1 April	Rent paid (6 months)	1,500
30 April	Electricity	1,400
1 May	Rent received (1 year)	3,600
1 July	Insurance (1 year)	1,800
31 July	Electricity	1,600
1 October	Rent paid (6 months)	1,500
31 October	Electricity	1,800

Electricity accrued at 31 December was £700.

REQUIRED

Make entries in the four ledger accounts, showing the amounts prepaid or accrued at 1 January Year 7.

QUESTION 4

Adams & Co. buys a motor vehicle, paying £10,000 by cheque, on 1 January Year 3. The depreciation method used is the reducing balance method at 40% per annum. The company decided to accept an offer of £1,000 for the motor vehicle on 31 December Year 5. This amount will not be received until February Year 6.

REQUIRED

(a) Show all transactions in journal form, covering the purchase of the asset, the depreciation accounts for each year, and the profit/loss on the disposal of the asset (narrations are not required).

(b) Prepare the following ledger accounts:

(i) the Motor-vehicle Disposal Account
(ii) the Provision for Depreciation Account for Years 3, 4, and 5

Partnership

QUESTION 1

Lien Hong and Chien Do are partners who share their profits and losses equally. The following Trial Balance was extracted from their books at 31 March Year 8:

	£	£
Capital Accounts:		
Lien		22,000
Chien		18,000
Current Accounts:		
Lien		1,460
Chien	880	
Drawings Accounts:		
Lien	4,400	
Chien	6,750	
Stock at 1 April Year 7	12,440	
Purchases and sales	44,670	88,330
Carriage inwards	910	
Carriage outwards	1,430	
Debtors and creditors	14,770	6,750
Motor vans (at cost)	28,000	
Provision for depreciation of motor vans		14,000
Fixtures and fittings (at cost)	10,000	
Provision for depreciation of fixtures and fittings		2,200
Rent	5,400	
Insurance	2,380	
Electricity	3,330	
Office expenses	11,440	
Motor-vehicle expenses	4,340	
Repairs and renewals	2,710	
Balance at bank		1,220
Cash in hand	110	
	153,960	153,960

The partnership agreement states that:
(a) the partners are entitled to interest on their fixed capitals at 5% per annum;
(b) Lien is to receive an annual salary of £5,000.

The following information should be taken into account:
(1) The partners depreciate their fixed assets as follows:
Motor vans less 25% on written-down value;
Fixtures and fittings less 10% on cost.
(2) On 31 March Year 8 prepaid insurance was £180, electricity accrued due but not yet paid was £80, and closing stock was valued at cost, which was £14,600.
(3) Motor-vehicle expenses, chargeable to the partners for their private use of the firm's vehicles, are £200 for Lien and £250 for Chien.

REQUIRED

Prepare the Trading and Profit & Loss Accounts, together with the Appropriation Account, for the year ended 31 March Year 8, and a Balance Sheet at that date.

QUESTION 2

Hoa Tran and Linda Phang are two retailers who decided to merge their businesses into a partnership from 1 January Year 9, and to share their profits and losses in the ratio 2:1.

At 31 December Year 8, their individual Balance Sheets showed:

	Hoa Tran		Linda Phang	
	£	£	£	£
Fixed Assets				
Premises		60,000		
Motor vehicles		12,000		15,000
Fixtures and fittings		4,000		16,000
		76,000		31,000
Current Assets				
Stock	6,500		8,500	
Debtors	4,500		7,000	
Bank	7,000		14,000	
	18,000		29,500	
***Less* Current Liabilities**				
Creditors	6,500	11,500	8,000	21,500
Capital		87,500		52,500

At 1 January Year 9, with the exception of the two items below, the assets and liabilities were valued by each trader as shown in the above Balance Sheets. These assets and liabilities were transferred to the new partnership.

Exceptions:
(1) It was agreed that the business of Hoa Tran had goodwill valued at £20,000.
(2) The debtors amount on Linda Phang's Balance Sheet is to be reduced by £700.

REQUIRED

In the books of the partnership at 1 January Year 9, prepare:

(a) journal entries to introduce the assets and liabilities of the partnership (narrations are not required);

(b) the opening Balance Sheet of the partnership.

QUESTION 3

Ash and Oak are in partnership, sharing their profits and losses in the ratio 3:2. The following Trial Balance is taken from the books at 31 October Year 8:

	£	£
Ash		20,000
Oak		10,000
Net profit for year to 31 October Year 8		58,000
Creditors		5,000
Office equipment (at net book value)	25,000	
Motor vehicles (at net book value)	20,000	
Stock	8,000	
Debtors	11,000	
Cash	29,000	
	93,000	93,000

Notes:

(1) No appropriations of profit for the year have yet been made.
(2) Oak is entitled to a salary of £8,000 per annum.
(3) Ash decides to retire on 31 October Year 8. Pine will join Oak in partnership from 1 November Year 8.
(4) The goodwill of the old partnership is valued at £20,000. An account was opened prior to Ash's retirement.
(5) Pine is to introduce £40,000 in cash as his capital immediately, but the goodwill account will not be retained.
(6) In the new partnership, Oak and Pine will share profits and losses equally.
(7) The amount owed to Ash on his retirement is to be retained as a loan to the new partnership, except for £10,000, which will be drawn in cash. At that time, Oak will also withdraw £10,000 in cash.
(8) Current Accounts are not kept.
(9) Goodwill will not appear in the ledger of the new partnership of Oak and Pine.

REQUIRED

(a) Prepare the Capital Accounts of the old and new partnerships necessary to record the above transactions.

(b) Prepare the Balance Sheet of Oak and Pine at 1 November Year 8.

QUESTION 4

John and Michael have been in partnership for some years, sharing their profits and losses equally. At 30 June Year 9, their summarised balance sheet showed:

	£	£
Fixed Assets		
Goodwill		25,000
Premises (at cost)		20,000
Motor vehicles (at net book value)		12,000
		57,000
Current Assets		
Stock	2,000	
Debtors	14,000	
Bank	8,000	
	24,000	
Less **Current Liabilities**		
Creditors	18,000	
Working capital		6,000
		63,000
Capital		
John		33,000
Michael		30,000
		63,000

They decided to dissolve the partnership and close the books at the Balance Sheet date on the following terms:

(1) The premises were sold for £25,000 cash.
(2) John took a motor vehicle valued at £5,000 and Michael took one valued at £7,000.
(3) The goodwill and debtors were sold to Alesi & Co. for £40,000 cash.
(4) The stock was sold for £1,200 cash.
(5) There were dissolution expenses of £500, paid in cash.
(6) Creditors were paid £16,500 cash in full and final settlement.

All these transactions took place on 30 June Year 9.

REQUIRED

In the books of the partnership at 30 June Year 9, prepare:

(a) journal entries to record the dissolution (narrations are not required);

(b) the Dissolution Account;

(c) the Capital Accounts, in columnar form.

QUESTION 5

Clyde, Spey, and Tweed are partners, sharing their profits and losses in the ratio 2:2:1. At 31 March Year 6, their summarised Balance Sheet showed:

Fixed Assets	£	£
Premises		80,000
Plant and machinery		34,000
Motor vehicles		25,000
		139,000
Current Assets		
Stock	25,000	
Debtors	14,000	
Bank	5,000	
	44,000	
Less **Current Liabilities**		
Creditors	18,000	
Working capital		26,000
		165,000
Capital		
Clyde		66,000
Spey		66,000
Tweed		33,000
		165,000

On 1 April Year 6, the partnership was sold to Stamford Ltd, which took over all the partnership assets and liabilities, for £180,000. The purchase price was satisfied with 90,000 £1.00 ordinary shares in Stamford Ltd, valued at £2.00 each. The shares were allocated to the partners in the ratio at which they shared profits and losses.

REQUIRED

In the books of the partnership at 1 April Year 6, prepare:

(a) journal entries to record the realisation of the partnership (narrations are not required);

(b) the Realisation Account;

(c) the Capital Accounts, in columnar form.

Company accounts (1)

QUESTION 1

The following information relates to Jordan Ltd for the year ended 30 April Year 10:

	£
Net trading profit for the year	75,000
Profit & Loss Account (credit balance)	50,000
Interim ordinary dividend paid	6,000
Preference shares dividend paid:	
Interim	4,000
Final	4,000
Authorised capital:	
200,000 8% £1.00 preference shares	200,000
400,000 £1.00 ordinary shares	400,000
Called-up share capital:	
100,000 8% £1.00 preference shares	100,000
300,000 £1.00 ordinary shares	300,000

The directors propose that a final dividend of £0.10 per ordinary share should be paid to ordinary shareholders.

REQUIRED

Prepare a Profit & Loss Appropriation Account for the year ended 30 April Year 10, and a Balance Sheet extract at that date.

QUESTION 2

At 30 September Year 15, the following details were extracted from the Trial Balance of Nadina and Hooper Ltd:

	£
Net trading profit for year	400,000
Share premium	80,000
10% debentures (repayable Year 18)	200,000
Debenture interest paid for the first half-year	10,000
Retained profits	250,000
Interim ordinary dividend paid	54,000
Preference shares dividend paid:	
Interim	25,000
Final	25,000
Called-up share capital:	
500,000 10% £1.00 preference shares	500,000
600,000 £0.50 ordinary shares	300,000

Additional information:

(1) There is a half-year's debenture interest unpaid.
(2) The directors propose a final dividend of £0.05 per ordinary share.
(3) No allowance has been made for directors' fees and salaries of £60,000 in arriving at the net trading profit.
(4) The company has an authorised capital of 500,000 10% £1.00 preference shares and 1,000,000 £0.50 ordinary shares.

REQUIRED

(a) Prepare a statement to show the adjustment to Nadina and Hooper Ltd's net profit.

(b) Prepare a Profit & Loss Appropriation Account for the year ended 30 September Year 15, and a Balance Sheet extract at that date.

QUESTION 3

At 30 June Year 12, the following Trial Balance was extracted from the books of Fenn & Galligan plc:

	£	£
Authorised and called-up share capital:		
640,000 £0.50 ordinary shares		320,000
150,000 8% £1.00 preference shares		150,000
Freehold land and buildings	420,000	
Motor vehicles (at cost)	80,000	
Provision for depreciation of motor vehicles at 30 June Year 12		25,000
Fixtures and fittings (at cost)	60,000	
Provision for depreciation of fixtures and fittings at 30 June Year 12		15,000
Interim ordinary dividend paid	20,000	
Interim preference dividend paid	6,000	
Provision for doubtful debts at 1 July Year 11		1,000
Profit & Loss Account at 1 July Year 11		45,000
Net profit for the year		70,000
Share Premium Account		15,000
Balance at bank	65,000	
12% debentures (repayable Year 19)		25,000
Debtors	80,000	
Creditors		65,000
	731,000	731,000

The following are to be taken into account:

(1) No provision has been made for directors' fees and salaries of £15,000.
(2) The provision for doubtful debts is to be increased to 2.5% of debtors.
(3) The debenture interest for the second half-year has not been paid.
(4) The directors recommend payment of the preference dividend for the year to 30 June Year 12, and a final dividend of £0.02 per share on the ordinary share capital.

REQUIRED

(a) Prepare a statement to show the adjustment to Fenn & Galligan plc's net profit.

(b) Prepare Fenn & Galligan plc's Profit & Loss Appropriation Account, in vertical form, for the year ended 30 June Year 12, and a balance sheet at that date.