

LCCI Financial & Quantitative Qualifications

Q&A Follow-up



Pearson LCCI Level 2 Certificate in Bookkeeping & Accounting

1. *Will learners be examined on extended trial balance for companies?*
No, learners will only be examined on an extended trial balance for sole traders and partnerships.
2. *Should incomes be added to the gross profit or added after the expenses at the end of the income statement?*
Other income should be added to Gross profit before expenses.
3. *Can learners write prepayments under current assets and accruals under current liabilities?*
Learners should use the labels 'other receivables' and 'other payables', not prepayments and accruals.
4. *Where would a donation from members be recorded (eg for acquisition of non-current asset)?*
The question set should outline the policy regarding donations. This would normally involve the capitalisation of the donation and would be added to the accumulated fund. Alternatively, the question may state that donations are to be treated as a part of the year's income. In this case, the donations would be added to the credits of the Income and Expenditure Account.
5. *How should life subscriptions be recorded?*
Life subscriptions is treated as a non-current liability. An agreed portion would be credited annually to the Income and Expenditure Account. The portion which falls due in the following 12 months is a current liability but this would NOT be examined at L2. Therefore, the initial bookkeeping entry is Dr Bank and Cr Receipts and Payments. For the annual amount, Dr Life subscriptions and Cr the Income & Expenditure Account with the same amount.
6. *Will the rule of Garner & Murray, in the dissolution topic, be examined at L2 or L3? For example, a property costs \$10,000 and then revalued at \$12,000. Will the \$2,000 be posted to the revaluation reserve or transferred to retained profit? If a property costs \$10,000 and is revalued as \$9,000, how will the \$1,000 be posted?*
A revaluation gain is recorded under the revaluation reserve. A revaluation loss is set off against an existing revaluation reserve. If a revaluation reserve does not exist, it will be recorded as a loss in the SOPL.
7. *The revised specification for L2 is Issue 4. Where can I find this?*
The Issue 4 specifications for L2 Bookkeeping & Accounting, L3 Accounting, L3 & L4 Financial Accounting were taken off the website as they had some errors. As soon as these have been corrected they will be uploaded again. Centres will be informed when this happens.

Pearson LCCI General Questions

1. *Have all of the textbooks been published?*

All planned textbooks are now available except the textbook for Business Statistics.