ACCOUNTING

Paper 0452/11
Paper 11

Key messages

- The question paper contained a mixture of theory, practical application and some higher skills and in order to score well it is necessary to prepare topics across the syllabus.

- Knowledge of international accounting terminology is now required, and there was evidence of some confusion, e.g. between an income statement and a statement of account and accounts payable and receivable.

- When preparing accounting records such as ledger accounts or journal entries the proper account names should be used and not descriptions of the transaction.

- Where questions require a written answer, the sense of the answer should be clearly stated and will earn marks even if the grammar or spelling is incorrect.

General comments

Some very capable and well prepared candidates scored high marks in this examination, although a significant number of candidates scored less than 20 marks. Well prepared candidates earned many of the available marks but many other candidates found the range of topics examined challenging but still gained marks on particular areas of the syllabus. Question 5 on depreciation was answered better than in previous sessions and many candidates were also able to analyse their answer. Some of the answers in Questions 2 and 3 would suggest that some candidates are still unfamiliar with new international accounting terminology for debtors and creditors.

Most of the multiple choice questions in Question 1 were well answered and generally had a good correlation with candidates overall marks.

Candidates tended to read the questions carefully and there were fewer instances of marks being lost for failing to give answers to 2 decimal places where specified or use of incorrect descriptions than in previous years. Answers were generally clearly written and appropriate wording or accounting terms used but candidates for whom English is a second language found the written answers challenging.

Most candidates completed all the questions and there did not seem to be evidence of time pressure although there were a number of candidates who did not attempt some of the questions at all.

Comments on specific questions

Question 1

This section of the paper consisted of 10 multiple choice questions from across the syllabus and also tested all of the skill levels required for this level. The number of occasions when candidates had crossed out and amended answers was fairly high which suggests that candidates found this type of question quite challenging but may also show that candidates are checking their answers. Marks awarded varied considerably and there seemed to be a good correlation between the marks gained on this section and overall marks for the whole paper.
Question 2

This question tested candidates understanding of the books of prime entry, double entry of transactions, accounting principles and policies, accounting ratios and types of shares.

Part (a) required candidates to identify two books of prime entry. This was very well answered and very many candidates gained full marks: a common error was to include ledgers in the answer.

Almost all candidates recognised that the purpose of preparing an income statement was to calculate net profit. The small number of candidates giving incorrect answers generally failed to gain many marks elsewhere in the paper either.

In Part (c), many candidates gained marks for correctly indentifying some of the income and expenditure items and the most able candidates achieved all 3 marks. Candidates generally knew that the imprest system of petty cash in Part (d) included a fixed amount of float and that this was restored each week or month. Many candidates gained full marks by identifying both of the elements.

Consistency was readily identified as the correct Principle for Part (e)(i) but reliability was only identified as the policy by the best candidates in Part (e)(ii). Candidates generally knew the formula for working capital in Part (f) although not all of these were then able to perform the correct calculation in Part (g)(i). Common errors were including provision for depreciation or confusing trade payables and trade receivables. Answers for Part (g)(ii) were slightly better and most candidates remembered to deduct inventory from the current assets figure.

Preference and ordinary shares were generally named as the types of share for Part (h) so candidates usually gained both marks in this section.

Question 3

This question required candidates to calculate the value of sales, prepare an income statement and calculate gross and net profit percentages.

In Part (a) the calculations for the value of credit sales were often inaccurate as candidates confused trade receivables/payables with inventory or omitted figures from the calculations. Part (b) was well answered and many candidates obtained all, or very nearly all, the available marks for their income statement. The most common error was where candidates failed to use their own figure for revenue as calculated in Part (a). A very significant number of candidates did not realise that the two parts were linked even though they did link the remaining parts of this question.

The calculations of gross and net profit percentages in Parts (c) and (d) were well answered although a small number of candidates lost marks by not giving their answers to the required 2 decimal places. The most able candidates also recognised that increasing the revenue by the extra $2500 cash sales would also increase gross profit by the same amount.

Question 4

This question on accruals, categorisation of assets, and valuation of inventory was found to be difficult by many candidates, and very few completely correct answers were given.

The explanation of “other payable” in Part (a) was generally correct in identifying it as an expense incurred but not yet paid for although the 2nd mark was only awarded to the better prepared candidates who also identified that the amount owing was unpaid at a period end and carried forward to a later period.

Part (b) required the candidate to write up a fuel expenses account. The well prepared candidates were able to do this by correctly including all relevant items with suitable descriptors (i.e. names of relevant accounts) and dates. As this was a proper double-entry account candidates were expected to include correct dates and double-entry terms such as balance b/d rather than amount owing.

Part (c) required candidates to select the correct category for different assets; the high number of errors suggests that candidates are still unfamiliar with some of the new international accounting terminology.

The answers to parts (d) and (e) were generally much weaker than expected. Able candidates gained full marks on this section but a surprising number of candidates did not state correct valuation basis as the lower
of cost and net realisable value. These same candidates often performed two sets of calculations for value of inventory to include both cost and NRV whilst many others based their calculations on the difference between cost and NRV which earned few marks.

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This question involved calculations of depreciation and the effect of depreciation on profit.

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Part (b) required the candidate to calculate depreciation over a 3 year period using the reducing balance method. A very well answered question with many perfect answers, good candidates who did not quite earn full marks had generally made arithmetical errors in deducting the depreciation or started their calculations by deducting the scrap value figure from the cost. No marks were given for candidates who ignored the question and used the straight line method.

Part (c) requested candidates to prepare a balance sheet extract for the third year to show the effect of the depreciation. This question was also very well answered and credit was given for those candidates who had made an error in part (b) but were carrying forward their own figures. Errors were uncommon but tended to be where candidates used different figures for cost or provision for depreciation.

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ACCOUNTING

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ACCOUNTING

Paper 0452/21
Paper 21

Key messages

To gain full marks in Question 1 a thorough knowledge of business documents, books of prime entry and basic double entry was required.

Question 2 required candidates to be able to present a statement of affairs in good style. Candidates had to understand how to calculate profit/loss for the year using opening and closing capital, drawings and capital introduced.

To gain full marks in Question 3 candidates had to be able to prepare partners’ current accounts and a balance sheet extract. They were also required to have sufficient understanding of partners’ accounts to be able to answer related theory questions.

To gain full marks in Question 4 a thorough understanding of the preparation of a receipts and payments account and a subscriptions account was required.

Question 5 required candidates to be able to have a good understanding of ledger accounts in order to be able to clearly explain the entries in a rent receivable account. To gain full marks they also had to have a thorough knowledge of income statements in order to calculate a corrected profit.

The calculation of ratios in Question 6 was often well done, but candidates were also required to display an understanding of the meaning of these ratios.

General comments

All the questions on this structured examination paper were compulsory and covered various topics on the syllabus. It was expected that all candidates should be able to attempt these questions.

Candidates are reminded that questions can be asked on any aspect of the syllabus and that a thorough knowledge of the subject is necessary in order to achieve a pass grade.

When preparing for the examination candidates are advised to work through relevant questions on previous past examination papers and appropriate exercised in textbooks.

It is important to remember that an incorrect figure without supporting calculations will lose marks, but if calculations are provided some of the available marks may be awarded even if the final figure is incorrect.

Where a question specifies a number of items required, for example, “State one advantage ...........”, “Explain two ways .................”, candidates are expected to follow these instructions. It is not acceptable to provide a list of several items and expect the examiner to select the correct one(s).

It is important to read through each question very carefully before attempting an answer. Marks may be lost if instructions are not followed. For example, marks were lost when candidates failed to follow an instruction to round up the payment period for trade receivables to the next whole day.

The spaces provided on the question paper for candidates’ answers should be adequate. Sometimes it may be necessary for a candidate to cross out part or all of the answer and provide another answer elsewhere on the question paper. It is important that candidates indicate to examiners that this has been done. For example, a note “Please refer to page ....” or “Continued on page ........” would ensure that this additional work is not overlooked when the paper is being marked.
The following comments should be read in conjunction with the question paper and the published mark scheme.

Comments on specific questions

Question 1

This should have been a relative easy question as it was based on business documents, books of prime entry and basic double entry.

(a) Most candidates were able to correctly explain the purpose of a statement of account. The most common correct response was that it reminded the customer of the balance due for payment.

(b) Candidates were asked to name the person issuing the statement of account shown in the question. The vast majority correctly identified Fiona Fraser.

(c) The preparation of a journal entry to record interest charged on an overdue account caused problems for some candidates. Some candidates correctly debited interest payable, but incorrectly credited the bank. Interest charged by a supplier should be credited to the supplier’s personal account. By not attempting a narrative, some candidates lost a mark.

(d) The ledger accounts in which the customer would record a cheque and a credit note had to be identified. Some candidates appeared not to have read the question carefully and inserted figures or the names of different ledgers, rather than the names of the accounts.

(e) Candidates were required to name the books of prime entry in which the supplier would record a cheque, invoice, and credit note. Again, marks were sometimes lost when it appeared that candidates had not read the question carefully. Common errors were to refer to ledgers, or ledger accounts rather than books of prime entry.

(f) Most candidates were able to suggest an acceptable reason for the issue of a credit note. The most common correct response was to acknowledge the return of goods.

(g) Marks were lost when candidates failed to appreciate that, because the amount due was paid within the period allowed, the customer was entitled to a cash discount.

Question 2

This question was on the topic of incomplete records. Candidates were required to prepare a statement of affairs and then to calculate the profit for the year.

(a) Using the information provided candidates were required to prepare a statement of affairs for a sole trader, showing the total capital at that date. Most candidates presented their answer using the vertical format, but a horizontal format was equally acceptable.

Candidates presenting the non-current assets in columnar format often failed to include a heading on each of the three columns. A common error was to enter the net figures for trade receivables and machinery without any indication of how these figures had arisen. Other candidates showed the depreciation on the machinery and the provision for doubtful debts, but did not deduct them from the machinery and trade receivables respectively.

A number of candidates using the vertical format failed to gain all the available marks by simply totalling the net assets and failing to insert a figure for capital.

(b) Using the capital calculated in Part (a) and the information provided in the question, candidates were required to calculate the profit or loss for the year. Answers in the form of a calculation or in the form of a capital account were equally acceptable.

Most candidates knew the principles involved and some good answers were produced. Some candidates who started a calculation with the closing capital often incorrectly deducted the drawings and added the capital introduced.
Question 3

This question was based on partnership accounts. Partners’ current accounts together with a balance sheet extract had to be prepared. Theory questions relating to partnerships also had to be answered.

(a) Candidates were asked to explain how a debit balance on a partner’s current account could have arisen. In order to earn the marks it was necessary to explain that the partner’s drawings exceeded his profit share and interest on capital.

(b) Using a profit and loss appropriation account and other information, candidates were required to prepare the current accounts of two partners. Many candidates gained very high marks for this question. Most candidates prepared “T” accounts in columnar format, individual “T” accounts or individual running balance accounts were equally acceptable. The question required “T” accounts to be balanced and the running balance accounts to be updated after each entry: ignoring this instruction resulted in the loss of marks. Some candidates could have earned higher marks if they had used acceptable terminology within the accounts. The abbreviations “bbd”, “bd”, bcd” and “bcd” are not regarded as acceptable alternatives for “balance”. It is important to remember that a loss should be entered on the debit side of the current accounts: it is incorrect to show it as a minus credit. The inclusion of the capital account balances meant that candidates lost marks.

(c) An extract from the balance sheet of a partnership was required to show the total funds provided by the partners. The capital account balances were usually entered correctly, but there was sometimes confusion with regard to the current accounts. A number of candidates inserted the opening current account balances; others used the closing balances of the accounts prepared in part (b) but failed to indicate that one of these was a credit balance. Despite an instruction to show the total funds provided by the partners, some candidates did not show this.

(d) Candidates were required to explain one advantage of maintaining separate capital and current accounts for each partner. Acceptable answers included that it is easier to see the profit retained by each partner and that it is easier to calculate the interest on capital. Some candidates stated what each account contained. Other candidates concentrated on maintaining accounts for each partner instead of combined accounts.

(e) One reason why forming a limited company could be of personal benefit was required. Most candidates explained the advantage of limited liability. A significant number incorrectly explained about the possibility of raising more capital through the issue of shares.

Question 4

This question concentrated on the accounting records of clubs and societies. Candidates were required to prepare a receipts and payments account and a subscriptions account and to answer a short theory question.

(a) A table had to be completed showing terms used by a trading business and the equivalent terms used by a club or society. The vast majority of candidates gained full marks on this question. A number appeared to mid-understand the question and produced answers of “club” or “society”. As a result marks were lost.

(b) Using information provided candidates were required to prepare a receipts and payments account.

Many candidates gained high marks on this question. A number of candidates failed to present the answer in the form of a receipts and payments account which resulted in a significant loss of marks. Common errors included adjusting the subscriptions for accruals and prepayments, omitting the opening balance, netting the receipts and payments of the competition, entering rent paid as a receipt and loan received as a payment. Candidates are reminded of the importance of using appropriate terminology within the account. The abbreviations “bbd”, “bd”, bcd” and “bcd” are not regarded as acceptable alternatives for “balance”. “Purchases” was not regarded as acceptable for the purchase of equipment; similarly “sales” was not regarded as acceptable for the proceeds of sale of equipment.
Candidates were required to prepare a subscriptions account. This proved to be a difficult question and many candidates would have benefited from further study on this topic. Once again, marks were lost because of inappropriate terminology. Candidates often did not appreciate that subscriptions owing by members at the start of the year should appear on the debit of the subscriptions account, and that closing prepaid subscriptions should be brought down as a credit balance to start the following year.

Question 5

This question required candidates to explain the entries in a ledger account, answer theory questions on capital and revenue receipts and payments. A statement of corrected profit was also required.

(a) A rent receivable account was provided and candidates were asked to explain the various entries in the account. They also had to state where the double entry for each item would be made.

Candidates are reminded that a precise description of each entry is required. It is not sufficient to say “rent was paid”. This does not adequately describe the entry when a tenant paid a cheque to Leo Yang for rent of premises. Similarly “$2500 was taken to income statement” is not an adequate description of the entry of the rent receivable relating to the current year being transferred to Leo Yang’s income statement.

Many candidates correctly stated the name of the account where the double entry would be made, but sometimes failed to state whether it would be a debit or a credit entry.

(b) Candidates were asked to explain the significance of the closing balance of the rent received account. More marks would have been earned if a precise explanation had been provided. “This is the balance on the account” was not regarded as an adequate explanation. Some candidates believed the balance to represent rent owed by the tenant. The answer should have explained that this represented the amount of rent prepaid by the tenant for the following financial year.

(c) (i) An explanation of the difference between capital expenditure and revenue expenditure was required. Many candidates provided appropriate answers and gained full marks. Some failed to earn marks because of vague statements such as “capital expenditure is when we buy assets”: others seemed unsure and gave contradictory answers such as “capital expenditure is buying and repairing fixed assets”.

(ii) An explanation of the difference between capital receipts and revenue receipts was required. Some candidates were able to provide appropriate answers: other candidates did not seem to be familiar with these terms. It was not uncommon to find a description of a receipt - the business document which may be issued to acknowledge that money has been received.

(d) Candidates were presented with an income statement and a balance sheet containing errors and were required to prepare a statement of corrected profit. It was hoped that candidates would prepare a statement starting with the profit from the draft income statement, adding items which should increase the profit and deducting items which would decrease the profit. An alternative approach was to prepare a new income statement including only the relevant items.

Many candidates were able to earn some of the available marks. A lack of understanding of profit correction resulted in many marks being lost.

Question 6

This question required candidates to calculate and interpret various accounting ratios.

(a) A calculation of the payment period for trade receivables was required. There were many wholly correct answers. Those candidates who failed to follow the instruction to round up the answer to the next whole day lost one of the available marks.

(b) Candidates were required to explain whether the credit suppliers would be satisfied with the payment period calculated in Part (a). There were some wholly correct responses. A few candidates incorrectly compared the period with the 21 day period allowed to credit customers rather than the 30 day credit provided by credit suppliers.
A calculation of the collection period for trade receivables was required. Once again there were many wholly correct answers. Again, a few candidates failed to round the answer up to the next whole day.

Candidates were required to explain whether the change in the collection period would be an advantage or a disadvantage to the trader. Many candidates correctly stated that it was a disadvantage but then compared the period calculated in Part (a) with the period of credit allowed rather than with the collection period of the previous year.

Most candidates were able to suggest two acceptable ways in which the collection period for trade receivables could be improved.

A calculation of the current ratio was required. The majority of candidates gained full marks. A small number of candidates failed to state the answer correctly, showing 1:0.96 or 1:1.04 instead of the correct answer of 0.96:1.

Candidates were required to explain whether the trader would be satisfied with the current ratio. Many candidates correctly stated that the ratio was not satisfactory, but were unable to explain that the trader was not able to meet her current liabilities from her current assets.

Two ways of improving the current ratio were required. Candidates are reminded that changes within the current assets and current liabilities will not affect the current ratio. Many incorrectly suggested selling inventory, purchasing less on credit etc. Other suggestions such as increase current assets and decrease current liabilities were also unacceptable. Acceptable methods included introducing more capital, reducing drawings, selling surplus non-current assets and obtaining a long-term loan.
Key messages

To gain full marks in Question 1 a thorough understanding of double entry, business documents and books of original entry was required.

Question 2 required candidates to be able to present an income statement in good style. Knowledge of how to apply gross profit margin and to calculate a missing figure in the trading account section was required.

To gain full marks in Part (b) of Question 3 candidates had to pay attention to detail. It was necessary to understand that in partnership accounts it is essential to be able to identify the accounts of individual partners. It is important that candidates know the reason why some of the accounting principles are applied. It was not enough just to state the basis of inventory valuation: the reason for using this basis was also required.

Candidates required a good understanding of the principles of double entry relating to depreciation and disposals in order to gain high marks in Question 4.

Question 5 required candidates to be able to present a statement of affairs in good style. Careful attention had to be paid to the selection of the appropriate figures. Candidates had to understand how to calculate profit/loss for the year using opening and closing capitals, drawings and capital introduced.

The calculation of ratios in Question 6 was often well done, but candidates were also required to display an understanding of the factors which affect these ratios.

General comments

All the questions were compulsory and covered various topics on the syllabus. It was expected that all candidates should be able to attempt the structured questions on this examination paper.

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Candidates are reminded that an incorrect figure without supporting calculations will lose marks, but if calculations are provided some of the available marks may be awarded even if the final figure is incorrect.

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It is important to read through each question very carefully before attempting an answer. Marks may be lost if instructions are not followed. For example, marks were lost when candidates failed to follow an instruction to calculate ratios to two decimal places.

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Candidates are reminded that trade discount never appears in a ledger account. Only the net figures for sales and returns should have been entered in the account of Paul Ahmadi. It is incorrect to show the gross figure; it is also incorrect to show the gross figure on one side of the account and the trade discount on the opposite side.

The account of Irene Moyo should have been closed off by a transfer of the remaining $34 to the bad debts account.

(b) The candidates were asked to explain the difference between a debit note and a credit note. Most candidates correctly described the credit note as being issued by the supplier to reduce an invoice for returns, overcharge etc. There was some confusion about which party issues a debit note and the reason for the issue.

(c) The candidates were required to name the book of prime entry used to record an invoice received and a credit notes issued.

Many candidates successfully named the purchases and the sales returns book. It is important to remember that a ledger is not a book of prime entry.

(d) Candidates were asked to explain why no entry is made in the accounting records when a statement of account is issued.

Many candidates were able to explain that a statement of account acts as a reminder to the customer of the amount due. Only a very few candidates explained that, because a statement of account is not a transaction, it is not recorded in the accounting records.

(e) Four items appearing in a sales ledger control account were listed. Candidates were required to state the source of the information and what entry would be made in the sales ledger control account.

Many candidates correctly stated the appropriate entry in the control account. Some candidates were not able to state the source of information for bad debts written off and a contra item transferred to the purchases ledger. The book of prime entry in which these would be recorded is the journal.

**Question 2**

Using a trial balance and additional information the candidates were required to prepare an income statement of a sole trader. Most candidates provided the answer in vertical format, but horizontal presentation was equally acceptable. Candidates are reminded of the importance of correctly identifying figures. For example, “GP” is not acceptable as a label for gross profit, “DFF” is not acceptable as a label for depreciation of fixtures and fittings, and “PDD” is not acceptable as a label for provision for doubtful debts.
It was pleasing to find many candidates correctly calculating the closing inventory. A few candidates appeared to apply the principle of mark-up rather than margin. Using the information provided, the gross profit of $11,640 could be calculated (20% of the revenue). The cost of sales was $46,560 (the difference between the revenue and the gross profit). Having calculated these figures it is possible to work back to the missing figure of closing inventory which should have been $10,040.

A large number of candidates correctly added the bad debts recovered of $150 and the reduction in the provision for doubtful debts $18 to the gross profit. It must be remembered that where a provision for doubtful debts is adjusted, only the difference between the existing provision and the new provision is included in the income statement.

The depreciation of the fixtures, $540, was usually correctly calculated and included in the expenses. However, the calculation of the depreciation of equipment caused some problems. The depreciation for the year was $700 which represented the difference between the valuation shown in the trial balance and the valuation on 31 January 2011. A number of candidates incorrectly included the provision for depreciation of fixtures and fittings, $1080, as an expense.

**Question 3**

This question included the preparation of journal entries, correction of a partner’s profit share and theory questions on accounting principles.

(a) The majority of candidates correctly identified the business entity principle as the principle requiring a distinction to be made between the financial transactions of a business and those of its owners.

(b) Candidates were required to prepare journal entries for some transactions made by the partners in a business.

Many candidates could have earned higher marks by clearly stating the name of the partner in whose account an entry was to be made. A debit to “drawings account” or a credit to “capital account” is not adequate in a partnership business: it is necessary to identify the partner in whose account the entry is to be made. The question clearly stated that narratives were required. Some candidates lost marks by not following this instruction.

(c) Most candidates correctly stated that inventory should be valued at the lower of cost and net realisable value.

(d) Candidates were required to explain why inventory should be valued on this basis. Many candidates correctly explained that this ensured that the profit and the assets are not overstated and that it was an application of the principle of prudence.

(e) A calculation of the effect of an error on the profit share of a partner was required. Candidates should have compared the original profit share with the profit share after the profit was reduced by $560. The effect was a reduction of $420.

Many candidates only attempted part of the calculation and consequently failed to earn all the available marks.

**Question 4**

This question required the preparation of a non-current asset account, a provision for depreciation account and a disposal account. Theory questions on accounting principles were also included.

(a) The vast majority of candidates were able to correctly identify the principle of consistency being applied by the trader in writing off the same percentage of depreciation each year.

(b) An explanation was required of how depreciation of non-current assets is an application of the accounting principle of prudence.

A large number of candidates correctly explained charging depreciation ensured that both the profit for the year and the non-current assets would not be overstated. A few candidates seemed to be unsure of the effect of depreciation and incorrectly stated that the profit and the assets would not be under- or overstated. This was not regarded as an acceptable response.
Candidates were required to name one other accounting principle which is applied when non-current assets are depreciated. The majority of candidates correctly identified the principle of accruals (or matching).

Using the information provided candidates had to prepare an office equipment account, a provision for depreciation of office equipment account and an office equipment disposal account.

Most candidates prepared the accounts using the “T” account format, but running balance presentation was equally acceptable. The question required “T” accounts to be balanced and the running balance accounts to be updated after each entry: ignoring this instruction resulted in the loss of marks. Some candidates could have earned higher marks if they had used acceptable terminology within the accounts. The words in the details column should be the name of the account in which the double entry would be made. For example, “bank” was not acceptable for “AH Company”, and “loss” was not acceptable for “Income statement”. The abbreviations “bbd”, “bd”, “bcd” and “cd” are not regarded as acceptable alternatives for “balance”.

Many candidates presented a wholly correct office equipment account. Other candidates incorrectly used the sale proceeds rather than the original cost when making a transfer to the disposal account.

The provision for depreciation of office equipment account proved to be difficult for some candidates. The calculation of the depreciation for the year was often incorrect. The amount should have been $1050. This represented $700 depreciation for one year on the remaining original equipment ($7500 - $4000) and six months’ depreciation of $350 on the equipment purchased during the year. Candidates providing calculations often gained some of the available marks. An amount of $1600 representing the depreciation on the equipment sold should have been transferred to the disposal account.

Many candidates were able to earn marks for the disposal account by transferring the appropriate own figures from the other two accounts. The account should have been closed by a transfer to income statement.

Question 5

This question was on the topic of incomplete records. Candidates were required to prepare a statement of affairs and then to calculate the profit for the year.

Using the information provided candidates were required to prepare a statement of affairs for a sole trader, showing the total capital at that date. Most candidates presented their answer using the vertical format, but a horizontal format was equally acceptable.

Candidates presenting the non-current assets in columnar format often failed to include a heading on each of the three columns. The long-term loan was sometimes incorrectly included in the current liabilities and the amount was occasionally shown as $5000 rather than $1250. A common error was to include the opening figure for other receivables. At the end of the year there was a bank overdraft of $1400: a number of candidates incorrectly showed both an overdraft of $1400 and a balance at bank of $250.

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(c) Three things a trader should consider when comparing her business with other businesses were required. The majority of candidates produced good answers and were able to earn high marks.
ACCOUNTING

Key messages

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