ACCOUNTING

Paper 0452/01

Multiple Choice

Question Number	Key	Question Number	Key
1	C	21	B
2	D	22	B
3	A	23	D
4	A	24	B
5	D	25	A
6	A	26	D
7	B	27	C
8	D	28	C
9	A	29	C
10	C	30	A
11	B	31	D
12	B	32	A
13	C	33	C
14	B	34	A
15	D	35	C
16	A	36	B
17	D	37	C
18	C	38	B
19	B	39	D
20	C	40	B

General comments

There were 3841 candidates (compared to 3557 in June 2007). The mean mark was 25.9 (compared to 25.8 in June 2007) and the standard deviation was 7.7 (compared to 7.3 in June 2007).

Judged against the accessibility of 60-90%, no items were regarded as too easy, nine items were regarded as slightly difficult and four items were regarded as too difficult. All the items were within the Core Syllabus.

Candidates are advised to read each item very carefully before selecting an answer.

Comments on specific items

Item 12

The key, B, was selected by 54%. This should have been a relatively easy item. It was disappointing to find a substantial degree of guesswork in the selection of the other options.

Item 14

86% correctly identified the figure of $300, but only 57% realised that this would be a debit entry in the account of the customer.

Item 20

59% correctly identified the key as C. The selection of options A and B by 39% indicates that a number of candidates possibly misread the question and believed that it was referring to a bank reconciliation statement rather than a bank statement.

Items 21 and 22

These both involved year-end adjustments for accruals and prepayments. The keys were selected by 61% and 64% respectively. The selection of options C and D respectively indicates that many candidates do not fully understand this topic.

Item 23

It was anticipated that this item would be relatively easy, and it was disappointing that 33% believed that the purpose of depreciation was to find the value of the asset at the end of its useful life. Only 53% correctly identified the key, D.

Item 25

This was also regarded as a relatively easy item and it was disappointing that only 65% were able to identify A as the key. The selection of options B and C by 29% indicates a degree of guesswork.

Item 26

83% recognised the order of liquidity for current assets. Perhaps due to misreading the item, 24% selected option B where the assets were arranged in decreasing (rather than increasing) order of liquidity.

Item 27

The key was selected by 54%. It was disappointing to find that 36% believed that cash drawings reduced the net profit and did not affect the current assets.

Items 28 and 29

Both these items were on the topic of partnerships. There appears to be a significant lack of knowledge about the calculation and distribution of net profit. **Item 28** should have been a relatively straightforward item. The vast majority of candidates should have been aware that the net profit is calculated in the profit and loss account. Only 41% correctly selected the key, C: 53% incorrectly believed that the net profit is calculated in the appropriation account. **Item 29** produced some very disappointing statistics. Only 32% were able to identify the key, C. 47% appear to have divided the total profit by two and then added the salary to get the total credited to Pat. They failed to appreciate that the salary must be deducted from the net profit to obtain the profit available for distribution.

Item 31

The key was selected by 54%, but the selection of the other three options indicates a substantial degree of guesswork. It was anticipated that most candidates would know that the credit purchases for the year can be calculated by adding the closing creditors and the payments made during the year and deducting the opening creditors.

Item 34

It is regrettable that there was an error in this question; for option A $20 0000 was shown instead of $20 000. To ensure that no candidates were disadvantaged by the error, this item was completely disregarded.

Item 35

55% correctly selected C as the key. It was disappointing that 36% selected option D which was the gross profit as a percentage of the cost of sales. Once again, careful reading of the item may have prevented this error.

Item 39

It was extremely disappointing that only 39% were able to identify D as the key. 52% selected options A and C. Both of these involved the reduction of a monetary expense which would have affected the net profit but not the gross profit. Once again, if candidates read the item carefully they would have realised that it concerned the gross profit rather than the net profit.

Item 40

The key was selected by 63%. The selection of the other options indicates a substantial degree of guesswork.

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General comments

Candidates generally performed well on this question paper. There were many good scripts and evidence that many Centres had worked hard to prepare their candidates. Although there were some questions which were accessible to all levels of candidate or where good marks were available for most candidates, there were also parts of questions requiring analysis and thought which many candidates found more challenging.

Most of the short questions in **Question 1** were well answered but weaker candidates seemed to be offering a variety of answers in the hope that one or more may have been correct. As in previous sessions, some candidates found it difficult to respond to questions where they were required to explain a concept in their own words. In **Question 2, part (a)** was generally well answered. Many candidates answered **part (b)** poorly, but **part (c)** was well attempted. All the parts to **Question 3** were well answered but answers to **part (d)** were varied. **Question 4 part (a)** was well answered but **part (b)** was poorly answered. **Parts (c) and (d)** were not well answered and it seemed many candidates were not clear about what question they were being asked. **Question 5** was well answered with many candidates gaining all the available marks for **part (a)**.

Most candidates completed all the questions and there did not seem to be evidence of time pressure. There was space on the question paper for candidates to show their workings, where these were required, and as previously commented it is not possible to give credit to candidates who do not show these. It is recommended that Centres always encourage their candidates to show how they worked out the answers to numerical questions.

Comments on specific questions

Question 1

This consisted, as in previous sessions, of a number of short answer questions from across the syllabus and was quite well answered although candidates had difficulty with **Questions (f)** and **(h)**.

(a) Most candidates were able to give two acceptable reasons why it is important for a business to prepare final accounts, such as:
- To calculate the profit and loss (or performance) of the business
- To show the assets and liabilities (or financial position) of the business
- To prepare accounting ratios
- To compare the business with other businesses, or with previous years
- For use by other parties, e.g. the bank or government

(b) Most candidates were able to identify a current asset, such as stock (inventory), debtors, prepayments, bank or cash, and a current liability, such as creditors, accrued expenses, bank overdraft, or a loan repayable within one year.

(c) The correct accounting principle is matching or prudence, not consistency as a number of candidates incorrectly answered.

(d) Most candidates correctly gave the suspense account as their answer.

(e) Most candidates were able to state that accrued expenses would be shown in the current liabilities section of the balance sheet.

(f) Candidates generally understood the concept of a bad debt but many had difficulty in explaining the concept in their own words to gain the marks.

(g) Candidates generally understood the imprest system of petty cash but the answer required specific amounts of money and those who just described the system in their answer to **part (i)** did not earn any marks.

(h) The correct answers were **(i)** $100 and **(ii)** $70.

(i) **Part (i)** required candidates to define working capital and the expected answer was the accepted definition of current assets less current liabilities. Many candidates described the uses of working capital as their answer to this part and many became confused with the actual capital of a business.

Part (ii) asked for reasons why a business needs sufficient working capital and the answer was:

- To allow for the day-to-day running of the business, or
- To pay expenses, liabilities etc. as they fell due

Candidates who gave these or similar answers in either **part (i)** or **part (ii)** received the available marks.

Question 2

This question required a good understanding of the cash book, and of how to derive figures to include in the trading account from entries in the cash book.

Part (a) required candidates to show entries in a proforma cash book to record transactions listed in the question. Although the question was generally well answered, many candidates became very confused about which entries needed recording in the cash book and many entries recording credit sales were incorrectly made, as well as many confused and incorrect entries recording cash and credit receipts.

Very few candidates correctly showed the discount allowed on the receipt from Jules, and a large number calculated discount on the net figure, thereby allowing it twice. Discount was wrongly allowed on credit sales, which should not have been recorded in any event, as they had not yet been paid for, and candidates showed discount as received on cash purchases although there was no mention of cash discount on purchases in the question paper. Many candidates reversed credit and debit entries and a worrying number showed entries for the same item and the same amount on both sides of the cash book.

The correct entries in the cash book are as follows:

Date	Detail	Discount $	Cash $	Bank $	Date	Detail	Discount $	Cash $	Bank $
						Emilie – cash book, March 2008			
1	Balance b/d		1700	3000	5	Andre		1200	
3	Jules	6		194	7	Wages		330	
6	Michel			85					
7	Sales		1850		7	Balance c/d		2020	3279
		6	3550	3279				3550	3279

Part (b) required a calculation of Emilie's total sales for the week. This was the total of the cash sales and the credit sales for the week and did not require the inclusion of the credit sales for previous months which had been paid for in March. Many candidates included the payment from Jules, in varying amounts depending on their calculation of any discount, and the payment from Michel, with or without discount, although the question paper stated the sale to Jules was on 20 February and the sale to Michel had been on 29 January.

The correct answer is:

	$
Cash sales	1850
Credit sales (to Henri)	200
Total	2050

Part (c) required candidates to complete a proforma trading account for the week, showing sales, opening and closing stock, purchases, and to derive the cost of goods sold and the gross profit. Candidates who had correctly calculated sales in **part (b)** and used that figure, and also used the given values for opening and closing stock, and purchases from the cash book, arrived at the correct answer.

Many other candidates used incorrect sales figures, sometimes using their own figure calculated in **part (b)** and sometimes not; an astonishing number of candidates did not use the given values for opening and closing stock and substituted other figures, sometimes even, and quite incorrectly, using the totals or balances from the cash book; and a number of candidates used an incorrect figure for purchases which they had entered in the cash book, again with or without discount.

Those candidates whose calculations led them to a gross loss did not seem to find this strange. Those who added instead of subtracting purchases arrived at a gross profit in excess of the sales and again did not seem to think that they may have made any errors. Candidates should be encouraged by Centres to check their work for unusual results and to look for commonsense answers.

The correct trading account is:

<div align="center">

Emilie
Trading account for the week ended 7 March 2008

</div>

	$	$
Sales		2 050
Stock at 1 March	1 700	
Purchases	1 200	
	─────	
	2 900	
Stock at 7 March	1 650	
	─────	
Cost of goods sold		1 250
		─────
Gross profit		800
		─────

Question 3

This question involved the calculation of stock values for a particular part. The question moved from the value of the stock of the part on hand on 1 April, to the cost of purchases of given numbers of units at given cost prices in the month of April, the valuation of the stock of units on hand at the end of the month, and the calculation of the number of units sold and the cost of those units sold for the month.

The parts of the question were sequential, and marks were given if candidates carried forward their calculated figure and used that figure in a later part, even if incorrect.

Candidates generally performed well on the question although there were mistakes such as including the opening stock in the purchases for the month, adding instead of subtracting the closing stock when computing the number of units sold, and some candidates unfortunately did not appreciate the basis of stock valuation as the lower of cost and net realisable value and gave incorrect answers to the cost of goods sold.

Part (a)

The value of stock at 1 April was: 200 units of stock @ $3.20 per unit   = $640

Part (b)

The total cost of purchases:

5 April	100 units of stock @ $3.20 per unit	=	320
10 April	150 units of stock @ $3.00 per unit	=	450
27 April	100 units of stock @ $3.00 per unit	=	300
Total		=	$1 070

Part (c)

The value of stock at 30 April was: 300 units of stock @ $3.00 per unit   = $900

Part (d)

The number of units sold in April was:

Opening stock (200) + Purchases (350) less closing stock (300)   =   250

Part (e)

The cost of goods sold for April was:

Opening stock value ($640) + Purchases (£1 070) less Closing stock value (£900) = $810

Question 4

Part (a) of this question was a straightforward preparation of a trading and profit and loss account from a trial balance using additional given information and many candidates performed well.

Common difficulties were to include carriage outwards in the trading account, leading to an incorrect cost of goods sold and an incorrect gross profit; to include the balance on the provision for depreciation account in the expenses instead of, or as well as, the depreciation charge for the year; adding instead of subtracting the rent paid in advance; and deducting instead of adding, or omitting altogether, the bonus to be accrued in the wages account.

Those who incorrectly included debtors, creditors, drawings or the balance on Solomon's capital account in their trading and profit and loss account lost marks as their gross and net profit or loss were incorrect.

The required answer is:

Solomon Trading and Profit and Loss Account
For year ended 31 March 2008

		$	$
Sales			47 500
Cost of goods sold			
Opening stock		1 500	
Purchases		28 800	
		30 300	
Closing stock		1 800	
			28 500
Gross profit			19 000
Expenses			
Carriage outwards		720	
Electricity		1 800	
Motor expenses		1 380	
Depreciation		2 400	
Rent	(6 000 – 1 200)	4 800	
Wages	(8 600 + 400)	9 000	
			20 100
Net loss			1 100

Part (b) to this question asked for Solomon's capital account to be written up. This wording seems to have confused a number of candidates who thought that what was required was a balance sheet or some other statement but others correctly answered by showing the entries to be made in the capital account. These were the opening balance brought forward, given in the trial balance in the question, the net loss, the drawings and the new balance carried forward.

The correct entries are:

Solomon - Capital account

		$			$
			1 April 2007	Balance b/down	36 000
31 March 2008	Net loss	1 100			
31 March 2008	Drawings	24 000			
31 March 2008	Balance c/down	10 900			
		36 000			36 000
			1 April 2008	Balance b/down	10 900

Parts (c) and (d) asked candidates to suggest two ways each in which Solomon could reduce his loss or increase his profit, and increase the credit balance on his capital account.

The answers to **part (c)** were intended to refer to the components of profit or loss, such as sales, cost of goods sold, and expenses, and acceptable answers should have explained how changes in these components would have increased profit or reduced a loss.

The answers to **part (d)** in turn should have referred to the components of the balance on the capital account, such as the capital invested, net profit or loss, and drawings.

In fact, although many candidates did refer to these measures in their answers, they also answered other more general questions by commenting on factors such as business location, competition, advertising, and quality of workforce, which do not directly affect profit or loss. Some candidates also commented on the need to reduce debtors, sell for cash and realise the value of fixed assets, which affect working capital, but not the balance on the capital account.

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Acceptable answers included:

Part (c): Increase sales, increase prices, buy goods more cheaply - leading to increased gross profit
Reduce expenses, wages etc. - leading to increased net profit

Part (d): Introduce more capital to the business (including taking a partner who contributes capital)
Reduce drawings
Increase net profit or reduce net loss.

Question 5

This question was about capital and revenue expenditure and depreciation calculations. Many candidates were able to earn good marks from all parts to the question but there were many instances of failure to read the question and failure to follow clear instructions in the question paper and consequent loss of marks.

Part (a) required the candidate to show in a table whether items of expenditure in a taxi business were capital or revenue. The items referred to as being incurred "each year" in the question should have provided a clue that they were recurring revenue expenditure, the provision of fuel should have been clear as revenue expenditure, and the servicing of the engine was also intended to be revenue expenditure, although one candidate did give the answer as capital expenditure on the grounds that it would only be done once.

The correct answers are:

	Capital Expenditure	Revenue expenditure
Purchase of taxi	√	
Installing meter	√	
Taxi licence		√
Taxi insurance		√
Filling taxi with diesel		√
Servicing engine		√

Parts (b) and (c) required candidates to calculate the depreciation on the taxi to be charged in the business accounts for each of two years, and to show the net book value at the end of the second year. Many candidates in fact calculated the depreciation and the net book value for each year, and did not distinguish which was which in their answer, and so lost marks. A number of candidates were unable to work out the correct years and either calculated depreciation for too many or too few years. There were some candidates who used the straight-line method of depreciation even though the question quite clearly stated that the reducing balance method should be used.

The required answers were:

Part (b)(i)   Cost ($18 000)   x 30% = $5,400

       (ii)   Reduced balance ($12 600)   x 30% = $3 780

Part (c)   Net book value = Cost ($18 000) less accumulated depreciation ($9 180) = $8 820

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General comments

This structured examination paper was designed to discriminate between candidates obtaining Grades A to C. The syllabus recommends that only those candidates who have studied the Extended Curriculum and who were expected to achieve at least a Grade C should be entered for this paper. All the questions were compulsory and were set mainly on the Extended Curriculum. The paper was designed so that some of the marks were relatively easy to earn but other marks could only be earned by a demonstration of a greater degree of knowledge and understanding. A number of candidates would have benefited from further study before attempting an examination at this level.

Candidates are reminded of the importance of showing calculations. Where an incorrect figure is shown no marks can be awarded if there are no supporting calculations. Where calculations are provided it may be possible to award some of the available marks. Many of the scripts were very neatly presented: others were rather untidy. It is important that words and figures are legible, otherwise marks may be lost.

Lack of attention to detail can also cause marks to be lost. In ledger accounts marks will be lost if the instruction to bring down a balance (or up-date the balance column) is ignored. Similarly, ignoring an instruction to provide an answer to the nearest whole day will result in lost marks. In final accounts it is important to label items such as prime cost, gross profit and so on. In all the accounting statements the labels should be appropriate. For example "RMOS" is not an acceptable description for the opening stock of raw materials in a manufacturing account. Similarly, "B" is not an acceptable description for the balance on a ledger account.

Where a question specifies a number of items required, e.g. "State one reason ....", or "State two advantages........." 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 ones.

Candidates are advised to read each question very carefully before attempting an answer. It is important to understand exactly what is required before commencing to answer the question.

The importance of preparation for an examination cannot be emphasised enough. A thorough knowledge and understanding of the basic accounting procedures is essential if candidates are to gain a pass mark. Candidates are advised to obtain and work through past examination papers and relevant exercises in textbooks.

Comments on specific questions

Question 1

Candidates were required to update a trader's cash book, prepare a bank reconciliation statement, calculate the current ratio and answer some short theory questions.

(a) Two reasons (apart from finding errors) why a trader should reconcile her cash book with the bank statement were required. Most candidates managed to earn at least one of the two available marks. A number of candidates described location of errors despite this being excluded in the question. Some candidates lost marks because they did not clearly explain the reason.

(b) Using the information provided in the question, a trader's cash book had to be updated. There was a wide variation in the standard of answers to this question. Candidates should have learnt that it is not necessary to write out the whole of the cash book: it is only necessary to copy down the closing balance, enter the items appearing only on the bank statement and then re-balance the account. Common errors included:

Failure to include the error of $90 made in the cash book (this should have been credited)
Incorrectly including the error of $62 made by the bank (this affected the bank statement only)
Failure to bring down the closing balance
Failure to indicate the account which would be debited with the dishonoured cheque ("dishonoured cheque" does not indicate the account where the double entry would be made)
Including all the figures in both the cash book and the bank statement (Examiners will not select the correct figures on behalf of candidates)

(c) Candidates were required to reconcile the updated cash book balance with that shown on the bank statement. Once again, there was a wide variety of answers, suggesting that this is a topic on which many candidates would benefit from further study. Common errors included:

Use of the incorrect bank statement balance (the closing balance should be used)
Use of the incorrect cash book balance (the up-dated cash book balance should be used)
Failure to include some descriptions of the items (it is not meaningful to show a list of figures)
Use of incorrect descriptions ("cheque not credited" used to describe "cheque not presented")
Failure to include an adjustment for the bank error of $62
Attempting some form of ledger account or debit/credit format instead of a reconciliation statement.

(d) The bank balance which would appear in the balance sheet was required. It was very disappointing to find a large number of candidates failing to gain the two available marks. It was expected that most candidates would provide a correct own figure answer. Candidates were expected to select the closing balance on their cash book prepared in **(a)** and to state whether it was an asset or a liability. A significant number of candidates selected the bank statement balance or a balance figure from the bank reconciliation statement.

(e) A calculation of the current ratio was required. It was pleasing to find that the vast majority of candidates knew the formula for this ratio. It was disappointing that a large number failed to include the bank balance in their calculation (despite this being referred to in the question). Of those who did include a bank balance, a significant number incorrectly used the bank statement balance, instead of the closing balance on the cash book prepared in **(a)**.

(f) Candidates were required to explain why the quick ratio is more reliable than the current ratio as an indicator of liquidity. It was pleasing to find that most candidates recognised that the quick ratio does not include stock which is not regarded as a liquid asset.

Question 2

The first sections of this question were on the topic of provision for doubtful debts. The next sections were concerned with the collection period for debtors and the payment period for creditors. The final section involved a subscriptions account in the accounts of a sports club.

(a) Most candidates recognised that a reason for maintaining a provision for doubtful debts was to apply either the principle of prudence or the principle of matching. Once again, some candidates had difficulty in expressing themselves.

(b) Candidates were required to explain each entry in a provision for doubtful debts account. It was disappointing to find a significant number of candidates earning very low marks on this section. A

number of candidates appeared to believe that this account related to a provision for depreciation. Other candidates failed to explain the entries satisfactorily. It is not adequate to state "This is the balance" or "This is the profit and loss". Such comments did not gain marks as they did not provide an explanation of what the items represented. Explanation of the entries in a ledger account is obviously a topic on which many candidates would benefit from further practice.

(c) It was pleasing that many candidates linked the receipts from debtors with the availability of funds to pay creditors.

(d) The vast majority of candidates successfully calculated the collection period for debtors and rounded their answer up to the nearest whole day.

(e) Once again, the majority of candidates were able to calculate the payment period for creditors. Unfortunately many failed to round their answer up to the nearest whole day and provided an answer of 30 days when it should have been 31 days.

(f) Most candidates were able to provide two acceptable advantages of paying creditors before the due date. A few provided vague answers such as "she may get discount" (without stipulating the type of discount) or "the creditors will be happy" which were not regarded as acceptable.

(g) Candidates were required to prepare a subscriptions account. Whilst there were some wholly correct answers, there was a large number of disappointing answers. Common errors included:

> Complete reversal of the account
> Use of inappropriate descriptions such as "received" for "cash" and "owing" for the balance
> Carrying down the subscriptions for the year rather than transferring to income and expenditure
> Failure to include dates
> Failure to bring down the closing balance on a "T" account

Question 3

This question involved the preparation of journal entries to correct four errors, the preparation of a suspense account, the calculation of the corrected net profit, and a theory question on improving the net profit to sales percentage.

(a) Details of four errors were provided and candidates were required to prepare correcting journal entries. There were some disappointing answers due to lack of attention to detail, which caused marks to be lost. Where the business is a partnership, it is not adequate to simply show an entry to a capital account, a current account or a drawings account: the name of the partner whose account is affected must be stated.

Most candidates debited the stationery but then credited "personal funds" or "capital account" rather than crediting Abdul current account. Many candidates achieved full marks on the second journal entry. Marks were lost on the third journal entry when many candidates failed to recognise that the suspense account should have been debited with $100, the bad debts account credited with $50 and the bad debts recovered credited with $50. Marks were lost on the final journal entry through failure to identify the partner in whose accounts entries were being made.

(b) Candidates were required to prepare a suspense account. Most candidates managed to earn at least half of the available marks. It was expected that candidates would open the account with the difference on the trial balance: a small number showed the two totals of the trial balance rather than the balancing figure. Marks were sometimes lost because of incorrect descriptions.

(c) A statement showing the corrected net profit was required. Once again, there were some good answers. Marks were often lost because of avoidable errors such as adding the total of the increase column to that of the decrease column, or deducting the difference between the columns to the original net profit when it should have been added (or vice versa).

(d)   Two ways in which the percentage of net profit to sales could be increased were required. It was pleasing to find many candidates earning both of the available marks. Common correct answers included "increase the selling price" and "reduce expenses".

Question 4

This question was on the topic of manufacturing accounts together with small theory questions on stock valuation.

(a) (i)   It was expected that all candidates would know that stock is valued at the lower of cost and net realisable value. Some candidates appeared unable to express this in words and lost the available mark because their answer was not completely accurate.

  (ii)   It was pleasing to find the majority of candidates identifying the principle of prudence as the one being applied in the valuation of stock.

(b)/(c)   Candidates were required to prepare a manufacturing account and a trading account. Many candidates earned high marks on these sections of the question. It was disappointing to find a small number of candidates commencing the manufacturing account with the sales figure, obviously failing to appreciate that the cost of manufacture is calculated in the manufacturing account. Candidates are reminded of the need to use appropriate descriptions. Abbreviations such as "OSRM" and "SWP" are not acceptable for "opening stock of raw materials" and "opening stock of work in progress". Other common errors included:

>   Incorrect calculation of the depreciation of machinery
>   Duplication of items (e.g. purchases of raw materials) in both accounts
>   Deducting the overheads from the prime cost (instead of adding them)
>   Listing items in inappropriate places (e.g. work in progress in the middle of the overheads)
>   Failure to identify the different stocks (e.g. "closing stock" for "closing stock of raw materials")
>   Failure to label some items such as prime cost, cost of production and gross profit.

Question 5

Depreciation and disposals of fixed assets was the topic of this question. It was obvious that many candidates had been well-prepared on this and they were able to gain high marks on the preparation of the ledger accounts.

(a)   Candidates were required to explain how the matching principle is applied when a trader depreciates his fixed assets. There were some correct answers, but some candidates linked the matching principle to the cost of the asset and the depreciation rather than to the revenue earned and the cost of the asset in the same period. A few incorrectly described the principle of prudence.

(b)   Three ledger accounts were required to record the purchase and sale of motor vehicles and the depreciation of motor vehicles for two years. It was pleasing to find many wholly correct answers.

     Marks were sometimes lost because of a lack of attention to detail. Descriptions were sometimes incorrect, for example, "Bank" was given instead of "Ansaari Road Motors" in **(i)** and instead of "Appollo Traders" in **(iii)**. Dates were sometimes incorrect or omitted. Inappropriate use of abbreviations also caused marks to be lost. It is not acceptable to use simply "B" or "BCD" for "balance c/d".

     The calculation of the depreciation in the second year caused problems for some candidates who failed to appreciate that the calculation should be based on the difference between the balances of the asset account and the provision for depreciation account *after* the relevant transfers to the disposal account.