

**PRINCIPLES OF ACCOUNTS** 

7110/21 May/June 2016

Paper 2 MARK SCHEME Maximum Mark: 120

Published

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Page 2		Mark Scheme		Syllabus	Paper
	Cambrid	lge O Level – May/Ju	ine 2016	7110	21
1 (a)					
Assets		Liabilities		Capital	
	\$		\$	. \$	
Inventory	2850	Other payable	200		
Trade receivable	600	Bank	450		
Motor vehicle	4500	5% Bank loan	<u>5000</u>		
	7 950		5650	2300	(1)
					[

(b)

### Jaafar account

Date	Details	\$		Date	Details	\$	
2015				2015			
May 1	Balance b/d	600		May 5	Sales returns / returns in	102	(1)
4	Sales	1275	(1)	16	Bank	588	(1of)
					Discount allowed	12	(1of)
				31	Balance c/d	<u>1173</u>	
		<u>1875</u>				<u>1875</u>	
June 1	Balance b/d	1173	(1of)				

[5]

- (c) Bulk purchase by Jaafar Loyal customer
  - (1) mark × 2 points

[2]

Page 3	Mark Scheme	Syllabus	Paper
	Cambridge O Level – May/June 2016	7110	21

(d)

## Electricity account

Date	Details	\$		Date	Details	\$	
2015				2015			
May 17	Bank	440	(1)	May 1	Balance b/d	200	
31	Balance c/d	55	(1)	31	Income Statement <b>(1)</b>	<u>295</u>	(1of)
		<u>495</u>				<u>495</u>	
				June 1	Balance b/d	55	
							(1of)

[5]

[1]

# (e) Matching / Accrual concept

(f)

		Source document	Book of prime entry	Effect on owner's capital (\$)
9 May	Sold goods on credit for £900, (cost \$600).	Sales invoice	Sales journal	+300
14 May	Customer returned goods, bought by him on 9 May, for \$300.	Credit note (1)	Sales returns /returns in daybook /journal <b>(1)</b>	–100 <b>(1)</b>
21 May	Paid wages in cash \$150.	Payslip/Wag es book <b>(1)</b>	Cash Book (1)	–150 <b>(1)</b>

[6]

Page 4	Mark Scheme	Syllabus	Paper
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2 (a) Depreciation is the loss in value of a non-current asset (1) over its working life / in the accounting period. (1)

[2]

(b)			
	Statement	True	False
	1. There is only one method of charging depreciation.		¥
	2. Depreciation is the putting by of cash for asset replacement.		<b>√</b> (1)
	3. Depreciation is an application of the going concern concept.	<ul><li>✓ (1)</li></ul>	

[2]

[1]

## (c) (i) Loss on sale of vehicle \$16 000 \$7000 = \$9000 less receipt \$8400 = \$600 loss (1)

(ii)

	Cost (\$)	Accumulated Depreciation (\$)	Net book value \$	Depreciation for the year (\$)	
	50 000	18400			
Sale	<u>(16000)</u>	<u>(7000)</u>			
	34 000	11400	22600 x 25% =	5650	(1)
Purchase	<u>20000</u>		20000 x 25% =	<u>5000</u>	(1)
Total	<u>54 000</u>			<u>10650</u>	

[2]

(d)

## Motor vehicles - provision for depreciation account

Date	Details	\$		Date	Details	\$	
2015				2015			
May 31	Disposal <b>(1)</b>	7 000	(1)	Mar 1	Balance b/d	18400	(1)
2016				2016			
Feb 29	Balance c/d	<u>22 050</u>		Feb 29	Income statement / Depreciation	<u>10650</u>	(1of)
		29050				<u>29050</u>	
				Mar 1	Balance b/d	22 0 5 0	(1of)

age 5		Mark Scheme			abus	Paper
	Cambridge	e O Level – May/J	une 2016	71	10	21
(e)		Journal				
		Dr			Cr	
		\$			\$	
Bank		1800	(1)			
Bad debts		3300	(1)			
Wade Designs /					5100	(1
Sales ledger cor Trade receivable						
						[
(f)						
	\$			\$		
Up to 1 month	18 000 ×	2%		=360		
1 to 3 months	12 200 ×	5%		=610		
3 to 6 months	3 300 ×	10%		=330		
Over 6 months	<u>2 200</u> ×	20%		<u>=440</u>		
	35 700			1740		(1)
						[

(g)

### Provision for doubtful debts account

Date	Details	\$		Date	Details	\$	
2016				2015			
29 Feb	Income Statement	310	(1of)	1 Mar	Balance b/d	2050	(1)
	Balance c/d	1740					
		<u>2050</u>				<u>2050</u>	
				2016			
				1 Mar	Balance b/d	1740	(1of)

[3]

(h) Prudence / matching / accruals (1)

[1]

Ρ	age 6				Syllabus	Paper	
			Cambridge C	) Level – May/June 2016		7110	21
3	(a)	(i)					
	( )	()	Sales revenue			\$	
			Trade receipts		320	000	
			Cash receipts	7 400 +9 000 + 11500 =	<u>279</u>	<u>900 (1)</u>	
					599	900	
			Trade receivables at 31 March		<u>183</u>	<u>350 (1)</u>	
					782	250	
			Trade receivables at 1 April		<u>(17)</u>	<u>600) (1)</u>	
					<u>60 (</u>	<u>650 (1of)</u>	

(ii)	
Purchases	\$
Trade payments	29000
Trade payables at 31 March	7 950 ∫ * <b>(1)</b> 36 950 ∫ for both
Trade payables at 1 April	<u>(9750)</u>
	<u>27200</u> (1 of)

[2]

[4]

age 7	Mark Scheme		Syllabus	Paper
	Cambridge O Level – May/Ju	ne 2016	7110	21
(b)	Alif			
	Income statement for the yea	r ended 31 March 20 <sup>-</sup>	16	
		\$	\$	
Revenue			60650	
Opening ir	nventory	12000		
Purchases	6	<u>27 200</u>		
		39200		
Closing inv	ventory	( <u>11500)</u>		
Cost of sal	les		<u>27700</u>	(1of
Gross prof	īt		32950	
Plus Other	r income: Interest receivable		<u>600</u>	(1)
			33 550	
Less				
Rent	(8000 + 500 <b>(1)</b> –700 <b>(1)</b> )	7 800		
Other oper expenses	rating	6 500		
Wages	(9 000 –300 <b>(1)</b> +450 <b>(1)</b> )	9150		
Depreciation	on (11+2.5 <b>(1)</b> –10.5 <b>(1)</b> )	<u>3000</u>		
			<u>(26450)</u>	
Profit for th	ne year		<u>7 100</u>	

ige 8	Mark Scheme		Syllab		
	Cambridge O Level – May/June 20	16	7110	21	
(c)					
	Statement of financial position at	31 March 20	)16		
		\$		\$	
Non-current assets					
Equipment				10500	
Current Assets					
Inventory		11 500			
Trade receivables		18350			
Other receivables: Prepaid rent		<u>700</u>			
				<u>30 550</u>	
				<u>41050</u>	
Capital		35000			
Profit for the year		<u>7 100</u>			
		42 100			
Drawings		( <u>11500</u> )			
				30600	(*
Current Liabilities					
Trade payables		7 950			
Other payables: Wa	-	450	(1)		
Bank	3950 + 40000 - 46000	<u>2050</u>	(2) (1of)		
				<u>10450</u>	
				<u>41050</u>	
					[6
				ITota	1.20

Page 9	Mark Scheme		Paper
	Cambridge O Level – May/June 2016	7110	21

4 (a)

٠ <b>/</b> .				
		Workings	Answer	2014
	Gross profit/sales percentage	<u>300 000 (1)</u> x 100 = 750 000 (1)	40% <b>(1of)</b>	37.5%
	Return on capital employed (ROCE)	<u>100 000(1)</u> 250 000 + 80 000 (1) <u>x 100=</u>	30.3% (1of)	20%
	Working capital ratio (current ratio)	<u>60000 + 22000 + 1500+28000 (1)</u> 50000 + 8500 (1)	1.9:1 <b>(1of)</b>	2.9:1
	Quick ratio (acid test ratio)	<u>22000 + 1500 + 28000</u> (1) 50000 + 8500 (1)	0.9:1 <b>(1of)</b>	0.4:1

[12]

[4]

### (b) (i) Profitability

The Gross profit to sales has increased in 2015 (1) this may be due to higher selling prices charged (1) or more efficient/bulk buying / purchase costs reduced. (1) Expenses have been controlled / reduced. (1) The ROCE has increased in 2016. (1) The profit for the year has increased (1) (1) X 4 points (allow own figure comments)

#### (ii) Liquidity

Although the Working capital ratio has reduced (1) the liquidity of the business has improved. (1) Working capital is below 2:1 the ideal ratio (1) Inventory holding of unsold stock has been reduced. (1) The quick ratio has improved (1) from a dangerous level / towards 1:1. (1) Trade receivables collection has been improved. (1) Lache has a positive bank balance to meet expenditure. (1) (1) X 4 points (allow own figure comments)

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[4]

Cambridge O Level – May/June 2016         7110         21           5         (a)         Suria Income statement for the year ended 31 March 2016.         \$         \$           Revenue         287000         2837000         283850         (1)           Less Sales returns         (3150)         283850         (1)           Less Inventory 1 April 2015         15340         (1)           Purchases         143800         (1)           Less Inventory 31 March 2016         (17990)         (1)           Cost of sales         (141150)         (1)           Gross profit         142700         (1)of           Plus other receivables:         (142700)         (1)of           Commission receivable         (4900 + 1400)         6300         (1)           Less expenses:         Wages and salaries         26500         (1)           Vages and salaries         26500         (1)         149000         (2)           Rent and rates         10000         1)         4200         (2)           Rent and rates         (1500(1) – 8000 (1))         4200         (2)           Heat and light         7300         (1)           Advertising         (12600 (1) – 3800 (1))         8850         (2) </th <th>Page 10</th> <th></th> <th>Mark Scheme</th> <th></th> <th>Syllabus</th> <th>Paper</th>	Page 10		Mark Scheme		Syllabus	Paper	
Suria Income statement for the year ended 31 March 2016.           \$         \$         \$           Revenue         287 000         283 850         (1)           Less Sales returns         (3 150)         283 850         (1)           Less Inventory 1 April 2015         15 340         (1)           Purchases         143 800         (1)           Cost of sales         (141 150)         (1)           Gross profit         142 700         (1) of           Plus other receivables:         (141 150)         (1)           Commission receivable         (4 900 + 1 400)         6 300         (1)           Less expenses:         U         (1)         (1)           Less expenses:         (1)         (1)         (1)         (1)           Computer expenses         (12 200(1) – 8000 (1))         4 200         (2)           Rent and rates         10 000         (1)           Bank loan interest         (1 500(1) + 900(1))         2 400         (2)           General expenses         11 100         (1)           General expenses         11 100         (1)           Office furniture         6 850 (1) + 2000 (1)         8850         (2)           Office furniture		Cambridge					
Revenue       287 000         Less Sales returns       (3 150)         Less Inventory 1 April 2015       15 340       (1)         Purchases       143 800       (1)         Purchases       143 800       (1)         Less Inventory 31 March 2016       (17990)       (1)         Cost of sales       (141150)       (1)         Gross profit       142 700       (1)         Plus other receivables:       (4900 + 1400)       6300       (1)         Commission receivable       (4900 + 1400)       6300       (1)         Kess expenses:       12200(1) – 8000 (1))       4200       (2)         Rent and rates       10000       (1)         Bank loan interest       (1500(1) + 900(1))       2400       (2)         Heat and light       7300       (1)         Advertising       (12600 (1) – 3800 (1))       8800       (2)         General expenses       11100       (1)         Depreciation:       Lessehold       4000       (1)         Computers       (6850 (1) + 2000 (1)       8850       (2)         General expenses       11100       (1)         Depreciation:       Lessehold       4000       (1)	5 (a)	Income state		rch 2016.			
Less Sales returns (3150) 283850 (1) Less Inventory 1 April 2015 15340 (1) Purchases 143800 (1) Purchases (141800) (1) Less Inventory 31 March 2016 (17990) (1) Cost of sales (141150) (1) Gross profit 142700 (1) Gross profit 142700 (1) Plus other receivables: Commission receivable (4900 + 1400) <u>6300</u> (1) 149000 (1) Less expenses: (12200(1) – 8000 (1)) 4200 (2) Rent and rates 10000 (1) Bank loan interest (1500(1) + 900(1)) 2400 (2) Heat and light 7300 (1) Bank loan interest (1500(1) – 3800 (1)) 8800 (2) Heat and light 7300 (1) Advertising (12600 (1) – 3800 (1)) 8800 (2) General expenses 11100 (1) Depreciation: Leasehold 4000 (1) Computers (6850 (1) + 2000 (1) 8850 (2) Office furniture 1550 (1) Bad debts 1900 (1) Increase in PDD (1040) (1) 130 (2)				\$		\$	
283 850       (1)         Less Inventory 1 April 2015       15 340       (1)         Purchases       143 800       (1)         Less Inventory 31 March 2016       (17 990)       (1)         Cost of sales       (141 150)       (1)         Gross profit       142 700       (1) of         Plus other receivables:       (1900 + 1400)       6300       (1)         Commission receivable       (4 900 + 1400)       6300       (1)         Less expenses:       (12200(1) – 8 000 (1))       4200       (2)         Rent and rates       10000       (1)         Bank loan interest       (1500(1) + 900(1))       2400       (2)         Heat and light       7300       (1)         Advertising       (12600 (1) – 3800 (1))       8800       (2)         General expenses:       11100       (1)         Depreciation:       Leasehold       4000       (1)         Depreciation:       Leasehold       1900       (1)         Bad debts       1900       (1)       130       (2)         Bad debts       1900       (1)       130       (2)	Revenue				2870	00	
Less Inventory 1 April 2015       15340       (1)         Purchases       143800       (1)         Less Inventory 31 March 2016       (17990)       (1)         Cost of sales       (141150)       (1)         Gross profit       142700       (1)of         Plus other receivables:       1422700       (1)of         Commission receivable       (4900 + 1400)       6300       (1)         Less expenses:       142000       (1)         Wages and salaries       26500       (1)         Computer expenses:       (1200(1) – 8000 (1))       4200       (2)         Rent and rates       10000       (1)         Bank loan interest       (1500(1) + 900(1))       2400       (2)         Heat and light       7300       (1)         Advertising       (12600 (1) – 3800 (1))       8800       (2)         General expenses       11100       (1)         Depreciation:       Leasehold       4000       (1)         Computers       (6850 (1) + 2000 (1)       8850       (2)         Office furniture       1550       (1)         Bad debts       1900       (1)       130       (2)         Increase in PDD (1040) (1)       130<	Less Sales retu	irns			<u>(3 150)</u>		
Purchases       143800 (1)       (1)         Less Inventory 31 March 2016       (17990)       (1)         Cost of sales       (141150)       (1)         Gross profit       142700       (1)of         Plus other receivables:       (4900 + 1400)       6300       (1)         Commission receivable       (4900 + 1400)       6300       (1)         Less expenses:       149000       (1)       149000         Less expenses:       26500       (1)       149000       (1)         Computer expenses       (12200(1) – 8000 (1))       4200       (2)         Rent and rates       10000       (1)         Bank loan interest       (1500(1) + 900(1))       2400       (2)         Heat and light       7300       (1)         Advertising       (12600 (1) – 3800 (1))       8800       (2)         General expenses       11100       (1)         Depreciation:       Leasehold       4000       (1)         Computers       (6850 (1) + 2000 (1)       8850       (2)         Office furniture       1550       (1)         Bad debts       1900       (1)       (1)         Increase in PDD (1040) (1)       130       (2)					2838	50 <b>(1)</b>	
159 140       159 140         Less Inventory 31 March 2016       (17 990)       (1)         Cost of sales       (141 150)       (1)         Gross profit       142 700       (1)of         Plus other receivables:       (4 900 + 1 400)       6 300       (1)         Commission receivable       (4 900 + 1 400)       6 300       (1)         Less expenses:       26 500       (1)         Wages and salaries       26 500       (1)         Computer expenses       (12 200(1) – 8 000 (1))       4 200       (2)         Rent and rates       10 000       (1)         Bank loan interest       (1500(1) + 900(1))       2 400       (2)         Heat and light       7 300       (1)         Advertising       (12 600 (1) – 3 800 (1))       8 800       (2)         General expenses       11 100       (1)         Depreciation:       Leasehold       4 000       (1)         Computers       (6 850 (1) + 2000 (1)       8 850       (2)         Office furniture       1550       (1)         Bad debts       1 900       (1)         Increase in PDD (1040) (1)       130       (2)	Less Inventory	1 April 2015		15340		(1)	
Less Inventory 31 March 2016       (17 990)       (1         Cost of sales       (141150)       (1)         Gross profit       142 700       (1)         Plus other receivables:       (4 900 + 1 400)       6 300       (1)         Commission receivable       (4 900 + 1 400)       6 300       (1)         Less expenses:       26 500       (1)         Vages and salaries       26 500       (1)         Computer expenses       (12 200(1) – 8 000 (1))       4 200       (2)         Rent and rates       10 000       (1)         Bank loan interest       (1 500(1) + 900(1))       2 400       (2)         Heat and light       7 300       (1)         Advertising       (12 600 (1) – 3 800 (1))       8 800       (2)         General expenses       11 100       (1)         Depreciation:       Leasehold       4000       (1)         Computers       (6 850 (1) + 2000 (1)       8 850       (2)         Office furniture       1550       (1)         Ded debts       1900       (1)         Increase in PDD (1040) (1)       130       (2)	Purchases			<u>143800</u>		(1)	
Cost of sales       (141150)       (1)         Gross profit       142700       (1) of         Plus other receivables:       (4900 + 1400)       6300       (1)         Commission receivable       (4900 + 1400)       6300       (1)         Less expenses:       (12200(1) - 8000 (1))       4200       (2)         Rent and rates       10000       (1)         Bank loan interest       (1500(1) + 900(1))       2400       (2)         Heat and light       7300       (1)         Advertising       (12600 (1) - 3800 (1))       8800       (2)         General expenses       11100       (1)         Depreciation:       Leasehold       4000       (1)         Computers       (6850 (1) + 2000 (1)       8850       (2)         Office furniture       1550       (1)         Bad debts       1900       (1)         Increase in PDD (1040) (1)       130       (2)				159140			
Gross profit       142700       (1) of         Plus other receivables:       (4900 + 1400)       6300       (1)         Commission receivable       (4900 + 1400)       6300       (1)         Less expenses:       142700       (1)         Wages and salaries       26500       (1)         Computer expenses:       10000       (1)         Rent and rates       10000       (1)         Bank loan interest       (1500(1) + 900(1))       2400       (2)         Heat and light       7300       (1)         Advertising       (12600 (1) – 3800 (1))       8800       (2)         General expenses       11100       (1)         Depreciation:       Leasehold       4000       (1)         Computers       (6850 (1) +2000 (1)       8850       (2)         Office furniture       1550       (1)         Bad debts       1900       (1)         Increase in PDD (1040) (1)       130       (2)	Less Inventory	31 March 2016		<u>(17 990)</u>		(1)	
Plus other receivables:       (4900 + 1400)       6300 149000       (1) 149000         Less expenses:       26500       (1)         Wages and salaries       26500       (1)         Computer expenses       (12200(1) – 8000 (1))       4200       (2)         Rent and rates       10000       (1)         Bank loan interest       (1500(1) + 900(1))       2400       (2)         Heat and light       7300       (1)         Advertising       (12600 (1) – 3800 (1))       8800       (2)         General expenses       11100       (1)         Depreciation:       Leasehold       4000       (1)         Computers       (6850 (1) + 2000 (1)       8850       (2)         Office furniture       1550       (1)         Bad debts       1900       (1)         Increase in PDD (1040) (1)       130       (2)	Cost of sales				<u>(141 1</u>	<u>50)</u> (1)	
Commission receivable $(4\ 900\ +\ 1400)$ $\frac{6\ 300}{149\ 000}$ (1)         Less expenses:       Vages and salaries       26\ 500       (1)         Computer expenses:       (12\ 200(1)\ -\ 8\ 000\ (1))       4\ 200       (2)         Rent and rates       10\ 000       (1)         Bank loan interest       (1\ 500(1)\ +\ 900(1))       2\ 400       (2)         Heat and light       (1\ 500(1)\ -\ 3\ 800\ (1))       8\ 800       (2)         General expenses:       (1\ 2\ 600\ (1)\ -\ 3\ 800\ (1))       8\ 800       (2)         General expenses:       (1\ 2\ 600\ (1)\ -\ 3\ 800\ (1))       8\ 800       (2)         Depreciation:       Leasehold       4\ 000\ (1)       (1)         Depreciation:       Leasehold       4\ 000\ (1)       (1)         Bad debts       1900       (1)       (1)         Increase in PDD (1040) (1)       130       (2)       (2)	Gross profit				1427	00 <b>(1)of</b>	
Less expenses:       26 500       (1)         Wages and salaries       26 500       (1)         Computer expenses       (12 200(1) – 8 000 (1))       4 200       (2)         Rent and rates       10 000       (1)         Bank loan interest       (1 500(1) + 900(1))       2 400       (2)         Heat and light       7 300       (1)         Advertising       (12 600 (1) – 3 800 (1))       8 800       (2)         General expenses       11 100       (1)         Depreciation:       Leasehold       4 000       (1)         Computers       (6 850 (1) + 2 000 (1)       8 850       (2)         Office furniture       1 550       (1)         Bad debts       1 900       (1)       130       (2)         Increase in PDD (1040) (1)       130       (2)       (86730)	Plus other rece	ivables:					
Less expenses: Wages and salaries 26500 (1) Computer expenses (12200(1) – 8000 (1)) 4200 (2) Rent and rates 10000 (1) Bank loan interest (1500(1) + 900(1)) 2400 (2) Heat and light 7300 (1) Advertising (12600 (1) – 3800 (1)) 8800 (2) General expenses 11100 (1) Depreciation: Leasehold 4000 (1) Computers (6850 (1) + 2000 (1) 8850 (2) Office furniture 1550 (1) Bad debts 1900 (1) (1) (1) (2) Increase in PDD (1040) (1) (1) (2)	Commission re	ceivable	(4900 + 1400)		<u>63</u>	<u>00</u> (1)	
Wages and salaries       26 500       (1)         Computer expenses       (12 200(1) – 8 000 (1))       4 200       (2)         Rent and rates       10 000       (1)         Bank loan interest       (1 500(1) + 900(1))       2 400       (2)         Heat and light       7 300       (1)         Advertising       (12 600 (1) – 3 800 (1))       8 800       (2)         General expenses       11 100       (1)         Depreciation:       Leasehold       4 000       (1)         Depreciation:       Leasehold       4 000       (1)         Bad debts       0ffice furniture       1 550       (1)         Increase in PDD (1040) (1)       130       (2)       (2)					1490	00	
Computer expenses       (12 200(1) - 8 000 (1))       4 200       (2)         Rent and rates       10 000       (1)         Bank loan interest       (1 500(1) + 900(1))       2 400       (2)         Heat and light       7 300       (1)         Advertising       (12 600 (1) - 3 800 (1))       8 800       (2)         General expenses       11 100       (1)         Depreciation:       Leasehold       4 000       (1)         Computers       (6 850 (1) + 2 000 (1))       8 850       (2)         Office furniture       1 550       (1)         Bad debts       1 900       (1)         Increase in PDD (1040) (1)       130       (2)         (86730)	Less expenses	:					
Rent and rates       10 000       (1)         Bank loan interest $(1500(1) + 900(1))$ 2 400       (2)         Heat and light       7 300       (1)         Advertising $(12 600 (1) - 3 800 (1))$ 8 800       (2)         General expenses       11 100       (1)         Depreciation:       Leasehold       4 000       (1)         Computers $(6 850 (1) + 2 000 (1))$ 8 850       (2)         Office furniture       1 550       (1)         Bad debts       1 900       (1)         Increase in PDD (1040) (1)       1 30       (2)	Wages and sala	aries		26 500		(1)	
Bank loan interest $(1500(1) + 900(1))$ 2400       (2)         Heat and light       7300       (1)         Advertising $(12600(1) - 3800(1))$ 8800       (2)         General expenses       11100       (1)         Depreciation:       Leasehold       4000       (1)         Computers       (6850(1) + 2000(1))       8850       (2)         Office furniture       1550       (1)         Bad debts       1900       (1)         Increase in PDD (1040) (1)       130       (2)         (86730)	Computer expe	enses	(12200 <b>(1)</b> – 8000 <b>(1)</b> )	4 200		(2)	
Heat and light       7 300       (1)         Advertising $(12 600 (1) - 3 800 (1))$ 8 800       (2)         General expenses       11 100       (1)         Depreciation:       Leasehold       4 000       (1)         Computers       (6 850 (1) + 2 000 (1))       8 850       (2)         Office furniture       1 550       (1)         Bad debts       1 900       (1)         Increase in PDD (1040) (1)       1 30       (2)         (86 730)	Rent and rates			10000		(1)	
Advertising       (12 600 (1) - 3 800 (1))       8 800       (2)         General expenses       11 100       (1)         Depreciation:       Leasehold       4 000       (1)         Computers       (6 850 (1) +2 000 (1))       8 850       (2)         Office furniture       1 550       (1)         Bad debts       1 900       (1)         Increase in PDD (1040) (1)       1 30       (2)         (86 730)	Bank loan inter	est	(1500 <b>(1)</b> + 900 <b>(1)</b> )	2400		(2)	
General expenses       11 100       (1)         Depreciation:       Leasehold       4000       (1)         Computers       (6 850 (1) +2 000 (1)       8 850       (2)         Office furniture       1 550       (1)         Bad debts       1 900       (1)         Increase in PDD (1040) (1)       1 30       (2)         (86 730)	Heat and light			7 300		(1)	
Depreciation:       Leasehold       4000       (1)         Computers       (6850 (1) +2000 (1)       8850       (2)         Office furniture       1550       (1)         Bad debts       1900       (1)         Increase in PDD       (1040) (1)       130       (2)         (86730)	Advertising		(12600 <b>(1)</b> – 3800 <b>(1)</b> )	8800		(2)	
Computers       (6850 (1) +2000 (1)       8850       (2)         Office furniture       1550       (1)         Bad debts       1900       (1)         Increase in PDD (1040) (1)       130       (2)         (86730)	General expense	ses		11100		(1)	
Office furniture         1 550         (1)           Bad debts         1 900         (1)           Increase in PDD (1040) (1)         130         (2)	Depreciation:	Leasehold		4000		(1)	
Bad debts       1 900       (1)         Increase in PDD (1040) (1)       130       (2)         (86730)		Computers	(6850 <b>(1)</b> +2000 <b>(1)</b>	8850		(2)	
Increase in PDD (1040) (1) (2) (86730)		Office furniture		1 550		(1)	
<u>(86730)</u>	Bad debts			1 900		(1)	
	Increase in PDD (1040) (1) <u>13</u>		<u>130</u>		(2)		
Profit for the year <u>62270</u>					<u>(867</u>	<u>30)</u>	
	Profit for the ye	ar			<u>622</u>	<u>70</u>	

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(b)

Suria Statement of financial position at 31 March 2016

Non-current assets

		Cost	Aggregate	Book	
			depreciation	value	
		\$	\$	\$	
Leasehold		100 000	11000	89000	(1of)
Computers		52000	25450	26 550	(1of)
Office furniture		<u>15500</u>	<u>13550</u>	<u>1950</u>	(1of)
		<u>167 500</u>	<u>50000</u>	117 500	(1of)
Current assets					
Inventory				17990	(1)
Trade receivables	27 900 <b>(1)</b> – 1 900 <b>(1)</b>	26000			
Less Provision for doubtful debts	(1of)	<u>(1040)</u>	24960		(3)
Other receivables	1 400 <b>(1)</b> + 3 800 <b>(1of)</b>		5200		(2)
Cash and bank			<u>520</u>		(1)
				<u>48670</u>	
				<u>166 170</u>	
Financed by:					
Capital			70000		
Profit for the year			<u>62270</u>		
			132270		
Less Drawings			<u>(28000)</u>		(1)
				104 270	
Current liabilities					
Trade payables			18600		(1)
6% Bank loan			40 000		(1)
Other payables	2400 <b>(1)</b> + 900 <b>(1of)</b>		<u>3 300</u>		(2)
				<u>61 900</u>	
				<u>166 170</u>	

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[Total:40 marks]