

QUESTION 4

4.1 SAMORA SPORTS LIMITED

NB: If pre-adjustment figure is shown as the final answer, the relevant mark is still given

If final figures are correct award full marks - if incorrect, mark workings – if no workings in this case no marks

Foreign items i.e. Balance Sheet items – 1 each (max -2)

If interest is shown at top & bottom, apply –1 max for placement if marks are earned

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008			
Sales	1 703 200 ✓ – 17 000 ✓ – 6 200 ✓	✓ 1 680 000	
Cost of sales	If = Sales / 1.6	☑☑ (1 050 000)	
Gross profit	If = Sales - COS	☑ 630 000	7
Other income	Inspection	☑ 386 000	
Service fee income	297 140 ✓ – 540 ✓	✓ 296 600	
Rent income	105 000 ✓ – ☑ 15 600 ✓✓	✓ 89 400	
Do not accept Interest here			9
		1 016 000	
Operating expenses	Inspection, brackets not essential	☑ (680 000)	
Salaries and wages	234 750 ✓ + 6 000 ✓	✓ 240 750	
Employer's contributions	53 200 ✓ + 690 ✓	✓ 53 890	
Audit fees	30 000 ✓ + 28 000 ✓	✓ 58 000	
Directors' fees		✓ 230 000	
Consumable stores	51 100 ✓ – 900 ✓	✓ 50 200	
Bank charges	5 240 ✓ + 310 ✓	✓ 5 550	
Sundry expenses	Inspection - reasonable	☑ 15 910	
Trading stock deficit	13 000 + 4 800 Any figure	☑✓✓ 17 800	
Depreciation	6 400 ✓✓ + 1 500 ✓ / 4 700 + 3 200	✓ 7 900	25
Do not accept Interest here			
Operating profit	If = 20% of Sales (either pre- or post-adj)	☑☑ 336 000	
Interest income		✓ 11 200	
		347 200	
Interest expense		✓✓ (44 800)	
Net profit before tax	Inspection, inspect operations applied	☑ 302 400	
Income tax	If = 30% of NP, brackets not essential	☑☑ (90 720)	
Net profit after tax	Inspection – if tax deducted	☑ 211 680	9