

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	<i>If = Sales / 1.6</i>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> (1 050 000)
Gross profit	<i>If = Sales - COS</i>	<input checked="" type="checkbox"/> 630 000
Other income	<i>Inspection</i>	<input checked="" type="checkbox"/> 386 000
Service fee income 297 140 ✓ – 540 ✓		✓ 296 600
Rent income 105 000 ✓ – <input checked="" type="checkbox"/> 15 600 ✓✓		✓ 89 400
<i>Do not accept Interest here</i>		
		1 016 000
Operating expenses	<i>Inspection, brackets not essential</i>	<input checked="" type="checkbox"/> (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	<i>Inspection - reasonable</i>	<input checked="" type="checkbox"/> 15 910
Trading stock deficit 13 000 + 4 800	<i>Any figure</i>	<input checked="" type="checkbox"/> ✓✓✓ 17 800
Depreciation 6 400 ✓✓ + 1 500 ✓ / 4 700 + 3 200		✓ 7 900
<i>Do not accept Interest here</i>		
Operating profit	<i>If = 20% of Sales (either pre- or post-adj)</i>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> 336 000
Interest income		✓ 11 200
		347 200
Interest expense		✓✓ (44 800)
Net profit before tax	<i>Inspection, inspect operations applied</i>	<input checked="" type="checkbox"/> 302 400
Income tax	<i>If = 30% of NP, brackets not essential</i>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> (90 720)
Net profit after tax	<i>Inspection – if tax deducted</i>	<input checked="" type="checkbox"/> 211 680

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