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| **QUESTION 1: STATEMENT OF FINANCIAL POSITION** | |  |
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| **JIMO LIMITED** | |  |
|  | |  |
| The information relates to the financial year ended 30 June 2021. The business sells formal clothing for men and women. | |  |
|  | |  |
| **REQUIRED:** | |  |
|  |  |  |
| 1.1 | **Refer to Information B.**  Calculate the value of the closing stock of formal suits that was omitted from the stock sheets on 30 June 2021. | (5) |
|  |  |  |
| 1.2 | **Refer to Information C.**  Use the table provided to calculate the correct **net profit after tax** for the year ended 30 June 2021. Indicate '+' for increase and '-' for decrease. | (12) |
|  |  |  |
| 1.3 | **Refer to Information A–H.**  Complete the following on 30 June 2021: |  |
|  | Retained Income Note | (5) |
|  | Statement of Financial Position (Balance Sheet) | (33) |
|  |  |  |
|  | **NOTE:**   * Adjustments from Information C also affect the Statement of Financial Position (Balance Sheet). * Show workings. Certain figures are provided in the ANSWER BOOK. * Figures are NOT required in the shaded areas. |  |
|  |  |  |
|  | **INFORMATION:** |  |
|  |  |  |
|  | **List of balances, before taking into account all adjustments below:** | |
|  | |  |  |  | | --- | --- | --- | |  | **30 June 2021**  **(R)** | **30 June 2020**  **(R)** | | Ordinary share capital | **?** | **?** | | Retained income | 3 240 000 |  | | Mortgage loan: Best Bank | 3 755 000 | 4 175 000 | | Trading stock | 4 198 500 |  | | SARS: Income tax (provisional tax) | 1 200 000 |  | | Net trade debtors | 3 668 810 |  | | Bank overdraft | **?** |  | | Petty cash and cash float | **?** |  | | Creditors' control | 1 253 000 |  | | Accrued income/Income receivable | 8 000 |  | | Shareholders for dividends | 1 170 000 | 821 700 | | |
|  |  | |

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|  |  | | |
| **B.** | The accountant omitted the closing stock figure of formal suits in the trading stock balance provided in Information A.  **NOTE:**   * The first-in-first-out (FIFO) method is used to value the stock of the formal suits. * All other relevant entries have been recorded correctly.   The information relating to the stock of formal suits is as follows: | | |
|  | |  |  |  |  | | --- | --- | --- | --- | | **Balances:** | **QUANTITY** | **UNIT PRICE** | **TOTAL VALUE** | | 1 July 2020 | 110 | R1 900 | R209 000 | | 30 June 2021 | 240 | **?** | **?** | |  |  | | | | **Purchases:** | **760** |  | **R1 943 500** | | 14 Nov. 2020 | 360 | R2 350 | R846 000 | | 10 Feb. 2021 | 170 | R2 600 | R442 000 | | 18 May 2021 | 230 | R2 850 | R655 500 | | **Returns:** |  |  |  | | 25 May 2021 | 24 | R2 850 | R68 400 | | | |
|  |  | | |
| **C.** | The net profit before tax, R4 918 950, was calculated before taking into account/ correcting the following: | | |
|  |  |  | |
|  | (i) | Audit fees include R123 600 which was paid in advance for the next financial year. | |
|  |  |  | |
|  | (ii) | The repayments on the loan are fixed at R35 000 per month (including capitalised interest).  The balances as per loan statement were:   * 1 July 2020, R4 175 000 * 30 June 2021, R4 028 000   Provide for interest on loan. | |
|  |  |  | |
|  | (iii) | Rent income:  Rent of R74 000 was received from a tenant for the period 1 July 2020 to 31 August 2021. This has been recorded. This amount takes into account a reduction of R750 per month from 1 May 2021. The year-end adjustment has not yet been made. | |
|  |  |  |  |
|  | (iv) | After taking into account the corrections above, it was determined that an additional R85 250 is still owed to SARS in respect of income tax for the year. |  |
|  |  |  |  |

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| --- | --- | --- | --- |
| **D.** | Shares and dividends: | |  |
|  | * 26 000 shares were repurchased on 1 July 2020 at R3,00 above the average share price. * The business did not pay interim dividends during the 2021 financial year. * A final dividend of 65 cents per share was declared on 30 June 2021.   1 800 000 shares were in issue on 30 June 2021. | |  |
|  |  |  |  |
| **E.** | Debtors with credit balances totaling R11 000 must be transferred to the Creditors' Ledger. | |  |
|  |  | |  |
| **F.** | On 30 June 2021, Jimo Ltd returned 10 ladies' coats to the supplier, Bargain Wholesalers. The selling price was R1 750 each. The mark-up was 25% on cost. No entry has been made. | |  |
|  |  | |  |
| **G.** | A fixed monthly instalment of R35 000 (to cover loan repayments and interest) has to be paid over the full period of the loan. Interest will decline over the life of the loan. The interest on the loan budgeted for the next financial year is R234 000. | |  |
|  |  | |  |
| **H.** | The following financial indicators were calculated on 30 June 2021:   |  |  | | --- | --- | | Acid-test ratio | 1,2 **:** 1 | | Net asset value per share (NAV) | 540 cents | | |  |
|  |  | |  |
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| **QUESTION 2: COMPANY FINANCIAL STATEMENTS** |

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| --- | --- | --- | --- | --- |
| The information relates to Laysano Ltd for the financial year ended on 28 February 2022. | | | |  |
|  | |  |  |  |
| **REQUIRED:** | | | |  |
|  |  | | |  |
| 2.1 | **Refer to Information B (i).**  Calculate the cost of the stock that was damaged. | | | (5) |
|  |  | | |  |
| 2.2 | **Refer to Information B (ii).**  Calculate:  2.2.1 The profit/loss on sale of the delivery vehicle  2.2.2 Total depreciation for the year | | | (5)  (4) |
|  |  | |  |  |
| 2.3 | Complete the following for the year ended 28 February 2022:    2.3.1 Statement of Comprehensive Income | | | (28) |
|  |  | | |  |
|  | 2.3.2 Equities and Liabilities section of the Statement of Financial Position | | | (18) |
|  |  | | |  |
|  | **NOTE:** Some amounts are provided in the ANSWER BOOK. | | |  |
|  |  | |  |  |

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| --- | --- | --- | --- |
| **INFORMATION:** | | |  |
|  |  |  |  |
| **A.** | **Extract: Balances and totals from the records on 28 February:** | |  |
|  | |  |  |  | | --- | --- | --- | |  | **2022** | **2021** | |  | **(R)** | **(R)** | | Ordinary share capital | 6 670 000 |  | | Retained income | **?** |  | | Loan: Saturn Bank | 1 159 000 | 1 280 750 | | Debtors' control | 2 746 300 |  | | Provision for bad debts | **?** | 85 840 | | Fixed deposit | 1 830 000 |  | | SARS: Income tax (provisional tax payments) | 130 000 | | Creditors' control | 428 000 | | Sales | 9 355 250 | | Cost of sales | 5 665 250 | | Directors' fees | 1 124 000 | | Audit fees | 83 000 | | Salaries and wages (including contributions) | 1 381 500 | | Commission income | 4 560 | | Rent income | 183 600 | | Security expenses | 72 500 | | Interest on fixed deposit | **?** | | Interest on loan | 142 250 | | Depreciation | 328 200 | | Sundry expenses | **?** | | Dividends on ordinary shares (interim) | 207 000 | | |  |

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| --- | --- | --- | --- |
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| **B.** | **Additional information:** | |  |
|  |  |  |  |
|  | (i) | **Stock records:**   * The business sells sports shirts. * The weighted-average method is used to value the shirts. * The following information was extracted from the records:  |  |  |  |  | | --- | --- | --- | --- | |  | **UNITS** | **UNIT PRICE** | **TOTAL**  **R** | | Stock balance: 1 Mar. 2021 | 1 900 | R660 | 1 254 000 | | Purchases during the year | 7 100 | R750 | 5 325 000 | | **Total available for sale** | **9 000** |  | **6 579 000** | | Stock balance: 28 Feb. 2022 | 1 185 | **?** | **?** | | Units sold | 7 750 |  |  |  * **NOTE:** Damaged shirts were not included in the closing stock figure. The damaged shirts must be written off as a loss. |  |
|  |  |  |  |

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| --- | --- | --- | --- | --- | --- | --- |
|  | (ii) | | **Fixed assets:** | | |  |
|  |  | |  | | |  |
|  |  | |  | **2022**  **R** | **2021**  **R** |  |
|  |  | | Land and buildings |  |  |  |
|  |  | | Vehicles | **?** | 1 750 000 |  |
|  |  | | Accumulated depreciation on vehicles | **?** | 620 000 |  |
|  |  | | Equipment | 956 000 | **?** |  |
|  |  | | Accumulated depreciation on equipment | **?** | 318 000 |  |
|  |  | |  | | |  |
|  |  | | * Vehicles are depreciated at 20% p.a. on a diminishing balance. | | |  |
|  |  | | * Equipment is depreciated at 15% p.a. on cost. | | |  |
|  |  | |  | | |  |
|  |  | | The bookkeeper calculated the total depreciation as R328 200 before taking the following into account: | | |  |
|  |  | |  | | |  |
|  |  | | **Vehicles:**   * An old delivery vehicle, with a carrying value of R170 000 on  1 March 2021, was sold for R140 000 on 1 December 2021. | | |  |
|  |  | |  | | |  |
|  |  | | **Equipment:**   * An alarm system costing R48 000 was installed on 1 August 2021. | | |  |
|  |  | |  | | |  |
|  | (iii) | | R33 700 received from a debtor, whose account was previously written off as irrecoverable, was posted in error to the Debtors' Control Account.  This must be corrected.  The provision for bad debts must then be adjusted to 3% of the Debtors' Control balance. | | |  |
|  |  | |  | | |  |
|  | (iv) | | The business signed a contract with Always-Safe Securities for guarding the premises. An annual premium of R32 400 for the period ended  31 July 2022 was paid in full on 1 August 2021. | | |  |
|  | | |  |  | | |  |
|  | | | (v) | All details in respect of the February 2022 salary of an employee were incorrectly debited to the Sundry Expenses Account. The following information relates to his salary:   |  |  |  | | --- | --- | --- | | **NET SALARY** | **DEDUCTIONS** | | | **SARS: PAYE** | **PENSION FUND** | | R11 525 | R3 235 | R990 |   The business contributes R2 for every R1 deducted for the Pension Fund.  **NOTE:** EFT payments have already been processed for all relevant  amounts payable. | | |  |
|  | | |  |  | | |  |
|  | | | (vi) | A tenant has been leasing office space on the premises since March 2020. She has paid the rent until 30 April 2022. Note that the monthly amount was reduced by R1 350 with effect from 1 January 2022. | | |  |
|  | | |  |  | | |  |
|  | | | (vii) | **Income tax** for the year is calculated at 30% of the net profit. The net profit after tax is R356 300 after adjustments. | | |  |
|  | | |  |  | | |  |
|  | | | (viii) | **Loan: Saturn Bank**   * All transactions with respect to the loan were recorded. * Interest of R142 250 on the loan is capitalised. * A fixed monthly instalment (including interest) was paid in full. * The capital portion of the repayments will increase by 10% over the next financial year. | | |  |
|  | | |  |  | | |  |
|  | | | (ix) | **Shares and dividends:**   * On 28 February 2022 there were 1 150 000 shares in issue. * A final dividend was declared on 28 February 2022. * Total dividends for the year amounted to R345 000. | | |  |
|  | | |  |  | | |  |
|  | | | (x) | **Net asset value per share (NAV):**  After taking into account all adjustments, the net asset value (NAV) was correctly calculated as 675 cents per share. | | |  |
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| **QUESTION 3: STATEMENT OF COMPREHENSIVE INCOME** | | | | |
|  | | | | |
| 3.1 | **RUDO SPORTS STORES LTD** | | |  |
|  |  | |  |  |
|  | The information relates to the financial year ended 29 February 2024. The company trades in various sports items. | | |  |
|  |  | |  |  |
|  | **REQUIRED:** | | |  |
|  |  |  | |  |
|  | 3.1.1 | **Refer to Information B (i).**  Calculate the value of the closing stock of golf balls on 29 February 2024, using the first-in-first-out method. | | (3) |
|  |  |  | |  |
|  | 3.1.2 | **Refer to Information B (iii).** | |  |
|  |  | **Calculate:**   * Profit or loss on disposal of the vehicle | | (6) |
|  |  | * Total depreciation for the year | | (9) |
|  |  |  | |  |
|  | 3.1.3 | Complete the Statement of Comprehensive Income for the year ended 29 February 2024. | | (42) |
|  |  |  | |  |

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|  | **INFORMATION:** | | | |  |
|  |  |  | | |  |
|  | **A.** | **Extract from the Pre-adjustment Trial Balance on 29 February 2024:** | | |  |
|  |  |  |  |  |  |
|  |  | **Balance Sheet Accounts section** | **2024** | **2023** |  |
|  |  | Vehicles | 1420 000 | 1 564 000 |  |
|  |  | Accumulated depreciation on vehicles | **?** | 420 000 |  |
|  |  | Equipment | 538 000 | 476 000 |  |
|  |  | Accumulated depreciation on equipment | **?** | ? |  |
|  |  | Fixed deposit: Hilke Bank | 320 000 |  |  |
|  |  | Trading stock | 1 253 000 |  |
|  |  | Debtors' control | 221 440 |  |
|  |  | Provision for bad debts | **?** | 19 888 |  |
|  |  | SARS: Income tax (provisional tax payments) | 450 000 |  |  |
|  |  | **Nominal accounts section** |  |  |  |
|  |  | Sales | ? |  |  |
|  |  | Cost of sales | 9 600 000 |  |
|  |  | Salaries and wages | 1 551 100 |  |
|  |  | Employers’ contributions | 73 900 |  |
|  |  | Commission income | 265 500 |  |
|  |  | Rent income | 259 500 |  |
|  |  | Audit fees | 166 600 |  |
|  |  | Consumable stores | 88 900 |  |
|  |  | Repairs | 53 100 |  |
|  |  | Directors' fees | 1 056 000 |  |
|  |  | Bad debts | 22 800 |  |
|  |  | Sundry expenses | 247 740 |  |
|  |  | Interest on fixed deposit | **?** |  |
|  |  | Interest expense | 135 900 |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **B.** | **Adjustments and additional information:** | | |  |
|  |  |  |  |  |  |
|  |  | (i) | A physical stock count on 29 February 2024 revealed stock of R1 192 600 on hand. However, this figure excluded the closing stock figure for golf balls. Note that the first-in-first-out method is used to value the stock.  Details of the golf balls are as follows:   |  |  |  |  | | --- | --- | --- | --- | |  | **UNITS** | **UNIT PRICE**  **(R)** | **TOTAL**  **(R)** | | Stock on 1 March 2023 | 1 500 | 20 | 30 000 | | Purchases: 15/5/2023 | 8 000 | 25 | 200 000 | | 20/12/2023 | 3 000 | 28 | 84 000 | | Stock on 28 February 2024 | 1 900 | **?** | **?** | | |  |
|  |  |  |  | |  |
|  |  | (ii) | Consumable stores used during the year amounted to R77 400. | |  |
|  |  |  |  | |  |
|  |  | (iii) | **Fixed assets and depreciation:**  **Vehicles:**   * An old vehicle was sold on 1 November 2023 for R35 000 cash.   Details of the vehicle sold:   |  |  | | --- | --- | | Cost price | R144 000 | | Accumulated depreciation on 1 March 2023 | R90 000 |  * Vehicles are depreciated at 20% p.a. on the diminishing price method. * No new vehicles were purchased during the year.   **Equipment:**   * Equipment was purchased on 1 September 2023. * Depreciated is calculates at 10% p.a. on cost. | |  |
|  |  |  |  | |  |
|  |  | (iv) | Goods are sold at a mark-up of 50% on cost. During February 2024, old stock costing R200 000 was sold for cash at 25% below cost.  This transaction was recorded. | |  |
|  |  |  |  | |  |
|  |  | (v) | 85% of the audit fees have been paid. | |  |
|  |  |  |  | |  |
|  |  | (vi) | Received R5 360 from the insolvent estate of a debtor Gorgie Crook.  His estate paid 80 cents per rand of his outstanding balance. The amount received was recorded. The balance of his account must still be written off. | |  |
|  |  |  |  | |  |
|  |  | (vii) | The provision for bad debts must be adjusted to 8% of the outstanding debtors. | |  |
|  |  |  |  | |  |

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| --- | --- | --- | --- | --- |
|  |  | (viii) | The company has two directors who were appointed in 2020.  A third director was appointed on 1 August 2023. The directors all earn the same monthly fee. One director has already been paid for March 2024. |  |
|  |  |  |  |  |
|  |  | (ix) | The monthly rent did not change during the year. During November 2023 the tenant paid R13 500 for repairs to the premises. He deducted this from his rent for November 2023, as repairs are the responsibility of the company. The repairs were not recorded. The rent for March 2024 was received and deposited during February 2024. |  |
|  |  |  |  |  |
|  |  | (x) | R4 800 is still owed to SARS on 29 February 2024. |  |
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| **QUESTION 1** | |  | |  |
|  | | | |  |
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| **1.1** | **Calculate the value of the closing stock of formal suits that was omitted from the stock sheets on 30 June 2021.** | | |  |
|  | **WORKINGS** | | **ANSWER** | |  | | --- | |  | | **5** | |
|  | |  |
|  | | | |  |
| **1.2** | **Calculate the correct net profit after tax for the year ended 30 June 2021. Indicate '+' for increase and '–' for decrease.** | | |  |
|  | |  |  |  | | --- | --- | --- | | **NO.** | **WORKINGS** | **AMOUNT** | | **Incorrect net profit before tax** | | **4 918 950** | | **(i)** | **Audit fees** |  | | **(ii)** | **Interest on loan** |  | | **(iii)** | **Rent income** |  | | **(vi)** | **Income tax** |  | | **Net profit after tax** | |  | | | | |  | | --- | |  | | **12** | |
|  |  | | |  |
| **1.3** | **Retained Income Note on 30 June 2021** | | |  |
|  | |  |  | | --- | --- | | **Balance at beginning** |  | |  |  | |  |  | |  |  | |  |  | | **Balance at end** | **3 240 000** | | | | |  | | --- | |  | | **5** | |

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|  | **JIMO LTD**  **STATEMENT OF FINANCIAL POSITION ON 30 JUNE 2021**  Figures are NOT required in shaded areas. |  |
|  | |  |  | | --- | --- | | **ASSETS** |  | | **NON-CURRENT ASSETS** |  | | **Fixed assets** |  | | **Financial assets** |  | | **CURRENT ASSETS** | **8 700 000** | |  |  | |  |  | |  |  | |  |  | | **TOTAL ASSETS** |  | |  |  | | **EQUITY AND LIABILITIES** |  | | **SHAREHOLDERS' EQUITY** |  | |  |  | | **Retained income** | **3 240 000** | | **NON-CURRENT LIABILITIES** |  | |  |  | | **CURRENT LIABILITIES** |  | |  |  | |  |  | |  |  | |  |  | | **Bank overdraft** |  | |  |  | | **TOTAL EQUITY AND LIABILITIES** |  | | |  | | --- | |  | | **33** | |

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| --- |
| **TOTAL MARKS** |
|  |
| **55** |

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| --- | --- | --- | --- | --- | --- | --- |
| **QUESTION 2** | |  | | | |  |
|  | |  |  | | |  |
| **2.1** | **Calculate: Cost of stock damaged** | | | | |  |
|  | **WORKINGS** | | | | **ANSWER** | |  | | --- | |  | | **5** | |
|  | | | |  |
|  |  | | | | |  |
| **2.2.1** | **Calculate: Profit/Loss on sale of delivery vehicle** | | | | |  |
|  | **WORKINGS** | | | | **ANSWER** | |  | | --- | |  | | **5** | |
|  | | | |  |
|  |  | | | | |  |
| **2.2.2** | **Calculate: Total depreciation for the year** | | | | |  |
|  | **Depreciation before adjustments** | | | **328 200** | | |  | | --- | |  | | **4** | |
| **Depreciation on vehicle sold** | | |  | |
| **Depreciation on alarm system** | | |  | |
| **TOTAL DEPRECIATION** | | |  | |
|  |  | | | | |  |
|  | **NOTE: The amounts calculated above must be transferred to QUESTION 1.3.1, the Statement of Comprehensive Income.** | | | | |  |
|  |  | | | | |  |

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| **2.3.1** | **Statement of Comprehensive Income for the year ended 28 February 2022.** |  |
|  | |  |  | | --- | --- | | **Sales** | **9 355 250** | | **Cost of sales** | **(5 665 250)** | | **Gross profit** | **3 690 000** | | **Other income** |  | | **Commission income** | **4 560** | |  |  | |  |  | |  |  | |  |  | |  |  | | **Gross operating income** |  | | **Operating expenses** |  | | **Directors' fees** | **1 124 000** | | **Audit fees** | **83 000** | |  |  | |  |  | |  |  | |  |  | |  |  | |  |  | | **Sundry expenses** |  | |  |  | | **Operating profit** | **575 000** | | **Interest income** |  | | **Profit before interest expense** |  | | **Interest expense** | **(142 250)** | | **Net profit before tax** |  | | **Income tax** |  | | **Net profit after tax** | **356 300** | | |  | | --- | |  | | **28** | |

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| --- | --- | --- | --- | --- | --- |
| **2.3.2** | | **Extract of the Statement of Financial Position on 28 February 2022** | |  | |
|  | |  | |  | |
|  | | |  |  | | --- | --- | | **EQUITY AND LIABILITIES** |  | | **ORDINARY SHAREHOLDERS' EQUITY** |  | | **Ordinary share capital** | **6 670 000** | |  |  | | **NON-CURRENT LIABILITIES** |  | |  |  | | **CURRENT LIABILITIES** |  | |  |  | |  |  | |  |  | |  |  | |  |  | |  |  | | | |  | | --- | |  | | **18** | | |
|  | |  | |  | |

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| --- |
| **TOTAL MARKS** |
|  |
| **60** |

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| --- | --- | --- | --- | --- |
| **QUESTION 3** | | | |  |
|  | | | |  |
| **3.1** | **RUDO SPORT STORES LTD** | | |  |
|  |  | | |  |
| **3.1.1** | **Calculate the value of the closing stock of golf balls on 29 February 2024, using the first-in-first-out method.** | | |  |
|  | **WORKINGS** | **ANSWER** | |  |
|  |  |  | | |  | | --- | |  | | **3** | |
|  |  | | |  |
| **3.1.2** | **Calculate: Profit or loss on disposal of the vehicle** | | |  |
|  | **WORKINGS** | | **ANSWER** |  |
|  |  | |  | |  | | --- | |  | | **6** | |
|  | **Calculate: Total depreciation for the year** | | |  |
|  | **WORKINGS** | | **ANSWER** |  |
|  | **Vehicles** | |  | |  | | --- | |  | | **9** | |
| **Equipment** | |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **3.1.3** | **Statement of Comprehensive Income for the year ended 29 February 2024** | | | |
|  | **Sales** |  |  | |  | | --- | |  | | **42** | |
|  | **Cost of sales** | **(9 600 000)** |  |
|  | **Gross profit** |  |  |
|  | **Other income** |  |  |
|  | **Commission income** | **265 500** |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  | **Gross operating income** |  |  |
|  | **Operating expenses** |  |  |
|  | **Salaries and wages** | **1 551 100** |  |
|  | **Employers’ contribution** | **73 900** |  |
|  |  |  |  |
|  |  |  |  |
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|  |  |  |  |
|  | **Operating profit** |  |  |
|  | **Interest income** |  |  |
|  | **Profit before interest expense** |  |  |
|  | **Interest expense** | **(135 900)** |  |
|  | **Net profit before tax** |  |  |
|  | **Income tax** |  |  |
|  | **Net profit after tax** | **1 060 800** |  |

|  |
| --- |
| **TOTAL MARKS** |
|  |
| **60** |