

**ACCOUNTING ANSWER BOOK GRADE 12 TEST 1 SELF-STUDY (LOCKDOWN PERIOD)**

**QUESTION 1 GAAP, INCOME STATEMENT AND NOTES**

**1.1 GAAP**

|  |  |  |  |
| --- | --- | --- | --- |
| 1.1.1 |  |  |  |
| 1.1.2 |  |  |  |
| 1.1.3 |  |  | **4** |
| 1.1.4 |  |  |  |

**1.2 AUDITING**

|  |  |  |
| --- | --- | --- |
| **1.2.1** | **Explain the role of the independent auditor. Provide ONE point.** | **2** |
| **1.2.2** | **Name TWO persons/parties other than the shareholders, who would be interested in the audit report. Give a reason for each.** | **4** |
| **1.2.3** | **Explain why it is important for an independent auditor to belong to a professional body like SAICA. Provide ONE reason.** | **2** |

**1.3**

**1.3.1 INCOME STATEMENT FOR THE YEAR ENDED 29 FEBRUARY 2020**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  | |  |  | | --- | --- | | **Sales** |  | | **Cost of sales** | **(3 468 400)** | | **Gross profit** |  | | **Other operating income** |  | |  |  | |  |  | |  |  | | **Gross operating income** |  | | **Operating expenses** |  | | **Advertisements** | **24 600** | | **Audit fees** | **188 410** | |  |  | |  |  | |  |  | |  |  | |  |  | |  |  | |  |  | |  |  | |  |  | |  |  | | **Operating profit** |  | | **Interest income** |  | | **Profit before interest expense** |  | | **Interest expense** |  | | **Profit before tax** |  | | **Income tax** | **42** | | **Profit after tax** |  | |  |

**1.3.2 NOTES TO THE FINANCIAL STATEMENT ON 29 FEBRUARY 2020**

* **Ordinary share capital**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
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|  | |  |  |  | | --- | --- | --- | |  |  |  | |  |  |  | |  |  | **10** | |  |  |  |  * **Retained income**  |  |  | | --- | --- | |  |  | |  |  | |  |  | |  |  | |  |  | |  | **11** | |  |  | |  |  | |  |

|  |
| --- |
| **TOTAL**  **MARKS** |
|  |
| **75** |