

**Question 1**

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| **1.1** | **INCOME STATEMENT FOR NORTH TRADERS FOR THE YEAR ENDED 31 DECEMBER 2019** | | |
| Sales (**720 000** – 13 800✓ - 4200✓) | | 🗹 | 702 000 |  | |  | | --- | |  | | **42** | |
| Cost of sales ( **400 000** - 2625✓) | | 🗹 | (397 375) |  |
| **Gross Profit** check operation | | 🗹 | 304 625 |  |
| **Other Operating Income** | |  | 51 000 |  |
| Rent income (46 400✓ + 4400✓ ✓) | | 🗹 | 50 800 |  |
| Decrease in provision for bad debts (2 400 -2 200) | | ✓✓ | 200 |  |
| **Gross Operating income** | |  | 355 625 |  |
| **Operating Expenses** check operation | | 🗹 | (245 321) |  |
| Packing material | | ✓ | 5 350 |  |
| Utilities (8 900 + 1 100) | | ✓✓ | 10 000 |  |
| Bad debts (3 200✓ + 400✓) | | 🗹 | 3 600 |  |
| Bank charges (846 +250) | | ✓✓ | 1 096 |  |
| Discount allowed (430 - 30) | | ✓✓ | 400 |  |
| Trading stock deficit (70 000 + 2 625 - 64 700) | | ✓✓ | 7 925 |  |
| Insurance (8 800✓ –1400✓) | | 🗹 | 7 400 |  |
| Salaries and wages (164 000✓ +11 600✓) (9200+2400) | | 🗹 | 175 600 |  |
| Employers contribution ( 10 800 + 350) | | ✓✓ | 11 150 |  |
| Depreciation | | ✓ | 15 000 |  |
| Telephone | | ✓ | 7 800 |  |
| **Operating Profit** | |  | 110 304 |  |
| Interest income (150✓+13 750✓+1 250✓) (15 000) | | 🗹 | 15 150 |  |
| **Profit Before Interest Expense** | |  | 125 454 |  |
| Interest expense | | ✓ ✓ | (15000) |  |
| **Net Profit for the year** check operation | | 🗹 | 110 454 |  |

**Penalty for foreign items (max - 2)**