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| **ACCOUNTING GRADE 12 TEST 3 SELF-STUDY (LOCKDOWN)**  **ANSWER BOOK**  **TOPIC : INCOME STATEMENT, NOTES, RATIO ANALYSIS AND AUDIT REPORT** |  |

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| **QUESTION 1** | |
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| **GOVENDER LTD.** | |
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| **1.1.1** | **INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2019** | |
|  | |  |  |  | | --- | --- | --- | | **Sales** **(5 590 000** |  |  | | **Cost of sales (4 300 000** |  |  | | **Gross profit** |  |  | | **Other income** |  |  | | **Rent income** |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | | **Operating expenses** |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | |  |  |  | | **Operating profit** |  |  | | Interest income |  |  | | **Profit before interest expense** |  |  | | Interest expense | **(251 460)** |  | | **Profit before income tax** |  |  | | **Income tax** |  | |  | | --- | |  | | **48** | | | **Net profit for the year** | **630 000** | | |
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| **1.1.2** | | **Trade and other receivables**   |  |  | | --- | --- | |  |  | | **Debtors (174 250** |  | |  |  | |  |  | |  |  | |  |  | | |  | | --- | |  | | **10** | |
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| **1.1.3** | | **Calculate the following financial indicators on 30 June 2019:** |  |
|  | | **Net profit percentage on turnover** | |  | | --- | |  | | **3** |  |  | | --- | |  | | **4** | |
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|  | | **Debt-equity ratio** |
| **1.1.4** | | **The board of directors wants to acquire an additional loan to fund expansions within the company. Comment on why you think this is a good idea or not. Quote TWO financial indicators (with figures) to support your opinion.** | |  | | --- | |  | | **4** | |
| **1.2** | **Explain each audit opinion underlined in the extract below.**   |  |  | | --- | --- | | **Audit report** | **Description (audit opinion)** | | **Qualified** |  | | **Unqualified** |  | | **Disclaimer** |  | | | |  | | --- | |  | | **6** | |
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| **TOTAL MARKS** |
|  |
| **75** |