

TELESTAR LIMITED
INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 20.6

Sales (8 800 000✓ – 124 000 ✓ – 12 900✓)	8 663 100	☑
Cost of sales (4 612 000✓ – 8 600✓)	(4 603 400)	☑
Gross profit	8 4 059 700	☑
Other income	168 840	☑
Commission income	66 600	✓
Rent income (87 720✓ + 6 000 ✓ + 8 520 ^[1] ✓✓)	102 240	☑
Gross income	8 4 228 540	☑
Operating expenses	(2 402 005)	☑
Sundry expenses	156 300	✓
Bank charges	31 675	✓
Packing material(25 400 ✓ – 2 740✓)	22 660	✓
Repairs and maintenance(117 450✓ + 6 000✓)	123 450	✓
Director's fees(770 000✓ + 22 000 ^[1] ✓✓)	792 000	☑
Audit fees	72 300	✓
Bad debts (14 600✓ + 4 420 ^[2] ✓✓)	19 020	☑
Salaries and wages (920 000 ✓ + 13 650✓ + 4 950✓)	938 600	☑
Employer's contributions (138 000✓ + 6 750 ✓)	144 750	☑
Depreciation (72 000 ^[3] ✓ + 15 000✓ ^[4] + 1 800 ^[5] ✓)	88 800	✓
Provision for bad debts adjustments	350	✓✓
Trading stock deficit (385 000 ✓ + 8 600✓ – 381 500✓)	12 100	☑
Operating profit	35 1 826 535	☑
Interest income	2 130	✓
Profit before interest expense	1 828 665	☑
Interest expense (530 000 ✓ + 110 600 ✓ – 602 400✓)	(38 200)	☑
Net profit before tax	1 790 465	☑
Income tax	(490 465)	✓
Net profit after tax	9 1 300 000	☑

Calculations

[1] $87\,720 + 6\,000 = 937 \div 11 = 8\,520$

[2] $770\,000 \div 35 = 22\,000$

[3] $1\,105 \div 20 \times 80 = 4\,420$

[4] $360\,000 \times 20/100 = 72\,000$

[5] $125\,000 - 25\,000 = 100\,000 \times 15/100 = 15\,000$

[6] $36\,000 \times 15/100 \times 4/12 = 1\,800$

2.2 TRADE AND OTHER RECEIVABLES

Debtors' control (89 000✓-12 900 ✓-1 105 ^[3] ✓- 4 420✓ ^[3])	70 575	☑
Provision for bad debts	(8 700)	✓
	61 875	
Accrued income/Receivable	8 520	☑
SARS – Income tax (500 000– 490 465)	9 535	✓✓
	79 930	☑