





REVISION OF TERM 1

BASELINE TEST

Calculate the missing figures in the table below that are indicated by a '?'.

No.	Cost price	Profit mark up (%)	Selling price
1	R3 000	?	R4 500
2	R3 000	150	?
3	?	80	R360
4	?	20	R4 500
5	R1 800	33⅓	?
6	R2 500	?	R7 500
7	R16,80	16	?
8	R1 400	?	R1 680
9	R1 960	?	R2 450
10		66⅔	?



CALCULATIONS

- Cost Price:** The amount the business pays for the goods.
Selling Price: The amount the business charges when the goods are sold.
Mark-up: The percentage the business adds to the cost price.

$$\text{Cost of sales} = \text{Sales} \times \frac{100}{100 + \text{mark-up}\%}$$

$$\text{Sales} = \text{Cost of sales} \times \frac{100 + \text{mark-up}\%}{100}$$



Revise the Accounting equation with your child

ACCOUNTING EQUATION

Dr	ASSETS	Cr
Balance	b/d XXX	
	+	-

Dr	OWNER'S EQUITY	Cr
	Balance	b/d XXX
	-	+
Drawings } Expenses }	decreases equity	Capital } Income }
		increases equity

Dr	LIABILITIES	Cr
	Balance	b/d XXX
	-	+

Steps when analysing transactions according to the Accounting Equation

- Identify the accounts
- Classify the accounts
- Analyse the effect on the accounting equation by applying the Accounting principles.



Learners read the following notes and complete the activities.

CASH SALES OF TRADING STOCK

Calculating Cost of Sales and Sales:

- The cost of sales is always equal to 100%.
- The mark-up percentage represents how much more the item will be sold at.
- Sales is equal to the cost price plus the mark-up percentage.



Activity 1

Sales is therefore calculated as follows:

e.g. the cost price of a Chain is R80 and the mark-up percentage is 25%.

Cost of Sales is calculated as follows:

e.g. The Sale price of a Beaded Bag is R240 and the mark-up percentage is 50%.

Calculate the missing figures in the table below

No	Cost Price	Profit Mark Up (%)	Selling Price	CALCULATIONS
1	R6 000		R9 000	
2	R6 000	150		
3		80	R3 600	
4		20	R45 000	
5	R18 000	33%		
6	R2 500		R7 500	
7	R168	16		
8	R1 400		R1 680	
9	R160		R192	
10		66%	R15 000	

NOTE:

$33\% = \frac{133\frac{1}{3}}{100} = \frac{400}{3} \div \frac{100}{1} = \frac{400}{3} \times \frac{1}{100} = \frac{400}{300} = \frac{4}{3}$ to calculate Sales and $\frac{3}{4}$ for Cost of Sales
 $66\% = \frac{166\frac{2}{3}}{100} = \frac{500}{3} \div \frac{100}{1} = \frac{500}{3} \times \frac{1}{100} = \frac{500}{300} = \frac{5}{3}$ to calculate Sales and $\frac{3}{5}$ for Cost of Sales

The Accounting Equation

ASSETS	=	OWNERS EQUITY	+ LIABILITIES
Increases (+) with a debit entry		Increases (+) with a credit entry	Increases (+) with a credit entry
Decreases (-) with a credit entry		Decreases (-) with a debit entry	Decreases (-) with a debit entry

CASH SALES OF TRADING STOCK

9 March 2020. Cash sales of goods, R6 000, as per CRT 02. Goods are sold at a mark-up of 20%.

EFFECT ON THE ACCOUNTING EQUATION

Source document	Account Debit	Account credit	A =	OE +	L
CRT	Bank	Sales	+6 000	+6 000	0
	Cost of sales	Trading Stock	-5 000	-5 000	0
NET EFFECT	##		+1 000	+1 000	0

Represents the actual profit made on the sale of trading stock.



Activity 2

You are provided with information relating to Purdon Tyre Shop for September 2019.

REQUIRED:

Analyse the following transactions in your workbook. The first entry has been done for you as an example.

- 01 Paid the wages by cheque, R3 250.
- 03 The owner increased his capital contribution from R130 000 to R175 000 and received a receipt from the bookkeeper.
- 04 Sold goods according to the cash register roll, R3 000. The profit mark-up on the cost price was 50 %.
- 06 Paid the office rent of R4 050.
- 11 Paid the telephone account to Telkom, R4 500.
- 13 Placed an advertisement in Country Post and pay, R427 by cheque.
- 17 Bought goods from Audrey Suppliers, R3 700, as well as equipment to the amount of R1 800.
- 19 Issued a cheque to Dean Repairs for repair work to equipment, R2 500.
- 20 Cashed a cheque for cash float, R550.
- 21 Bought an invoice book and other necessities at Paper & Books, R345 and paid by cheque.
- 25 Paid the water and electricity account to the municipality, R3 283. R1 904 was for the water and electricity account of the business and the rest was for the owner's home.
- 28 Issued a receipt to A van Vuuren for rent of part of the building, R4 800.

Draw the table in your notebook.

