Calculating sales price, cost of sales, mark-up and profit

Make use of the formulas below to do the calculations that follow.

Profit = sales – cost of sales

Sales = cost of sales + profit

$$\text{Cost of sales} = \frac{100}{\text{sales} \times \text{Mark-up percentage plus 100}}$$

a) Barry buys a car at R15 000 and sells it to Tom for R22 500. How much profit did he make? R22500-R1500 = R7500 [2 marks]

b) What percentage profit did Barry make in the transaction in a) above? [2 marks]

c) Precious has a 30% mark-up on her vegetables. She buys oranges for R10 a pocket at the Johannesburg Fresh Produce Market. For how much does she sell it? [2 marks]

d) The hardware store sells their paint at a mark-up of 60%. What do they buy it for if they charge R500 for a 25-litre drum? [2 marks]

c) SP = CP + (mu of R10)

= 10 + 3 = R13,00

SP = 160%

d) SP = CP + (mu of CP)

500 = 160°

sales = $\frac{100}{160}$

$500 \times \frac{100}{160} = \frac{50\,000}{160}$ R812,50

Suggested Solutions

Question number	Possible marks	Solution
1	8	a) Profit = sales – cost of sales = R22 500 – R15 000 = R7 500 [2 marks] b) Percentage profit = $\frac{R7\ 500}{R15\ 000} \times \frac{100}{1}$ = 50% [2 marks] c) Sales = cost of sales + markup = R10 + (R10 x 30%) = R10 + R3 = R13 [2 marks] d) Cost of sales = sales x $\frac{100}{\text{Mark-up percentage plus 100}}$ = R500 x $\frac{100}{160}$ = R312.50 [2 marks]