MARK YOUR WORK AND DO CORRECTIONS

1. Parklands Junction
2. VAT -inclusive items are indicated with an ‘A’
3. A plastic bag
4. Mrs Vosloo paid with her ABSA debit card
5. Weight = R46,12 $÷$ R78,99/kg = 0,58kg or 500g
6. R224,39 $≈$ R224,35

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**10 FEBRUARY 2021 LESSON THREE APOLLO**

**NOTES**

**VAT- INCLUSIVE AND VAT- EXCLUSIVE**

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| VAT Inclusive | VAT Exclusive |
| The price of an item quoted, shown or advertised includes VAT and reflects the total amount that the buyer must pay. We normally see VAT inclusive. | The price quoted, shown or advertised excludes VAT. The price will have to be increased by 15% to show the actual amount that the buyer must pay. |
| Example:Mr Khan has a VAT-exclusive pair of socks in his store marked at R27,59. Calculate the price of the socks with VAT (VAT Inclusive).AnswerVAT inclusive price =R27,59 + 15% = R27,59 x 1,15 = R31,7285 $≈$ R31,73ORVAT inclusive price = R27,59 + ($\frac{15}{100}$ x R27,59) = R27,59 + R4,14 (2 dp) = **R31,73** | Example:A summer dress is advertised at a VAT inclusive price of R249.Calculate:1. The VAT exclusive price.
2. The VAT charged on the dress.

Answer1. VAT exclusive price = R249 $÷$ 1,15

 = R216,5217… $≈$ **R216,52** (simply divide the VAT inclusive price by 1,15)This is the same as R249 x 100 $÷$ 115 = R216,5217… $≈$ **R216,52** 1. VAT = R249,00 – R216,52

 = **R32,48**  |

Exercise 3

1. Amukelani grows cacti plants and sells them to the local nursery. He generally sells 20 cacti in a batch for R690 excluding VAT. His costs with VAT per batch include: Potting soil which is R85, plant pots which costs R120, water which costs R40, labels which costs R62 and transport which costs R58.

1.1 Determine the selling price per cactus including VAT.

* 1. Determine the cost price per cactus including VAT.

1.3 Calculate Amukelani s profit per cactus.

1.4 Determine the percentage profit Amukelani makes per cactus.