B Lari, a retailer whose financial year ends on 31 May, failed to check his stock until 8 June in 2009. At that date his stock at cost was valued at $72 200. Lari's mark-up is 30 % on cost.

For Examiner's Use

During the first 8 days of June, the following transactions took place:

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(i)	Purchases of goods for resale	21 200
(ii)	Purchases returns	510
(iii)	Sales	25 740
(iv)	Sales returns (at selling price)	273
(v)	Goods taken for personal use, at cost	700

After taking stock, Lari discovered that the following items had been included in the valuation at 8 June:

(vi) A parcel of stock which had been water-damaged. This had been on sale for $390 but was now worthless.

(vii) Stock which had cost $1200 but was now out of fashion and would have to be sold for $400 less than cost.

(viii) Goods costing $950 which Lari had acquired on a sale or return basis. He had not decided whether or not to keep them.

(ix) Goods, sold during May for $1560, which were awaiting collection by a customer.

REQUIRED

(a) Explain the difference between mark-up and margin.

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