A business records the following transactions for one month:

|  |  |
| --- | --- |
| Sale of goods | $45,000 (50% for cash; 50% on one month’s credit) |
| Materials purchased and used | $12,000 (all paid in cash during the month) |

* Assume no other transactions

**Activity 22.2**

1. Calculate the gross profit made by the business in this month.

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1. Calculate the cash held by the business at the end of the month (assume they had no cash at the start of the month).

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1. Explain why the answers to a) and b) bracket are different.

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