Unit 7 · Profit and Loss

STUDY NOTES

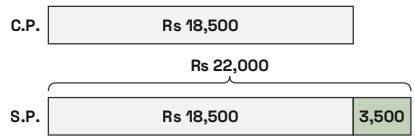
Key terms

Cost price (C.P.): the price the seller paid.
Selling price (S.P.): the price the seller got.
Profit: S.P. more than C.P.; the extra is the profit.
Loss: S.P. less than C.P.; the shortfall is the loss.

Formulas

Profit = S.P. − C.P.	S.P. > C.P. **Use:** finding a profit
Loss = C.P. − S.P.	C.P. > S.P. **Use:** finding a loss
S.P. = C.P. + Profit; C.P. = S.P. − Profit	with a profit **Use:** finding a price
S.P. = C.P. − Loss; C.P. = S.P. + Loss	with a loss **Use:** finding a price

- take the smaller price from the bigger; which is bigger tells profit or loss
- S.P. = C.P.: neither profit nor loss
- bars: S.P. is the C.P. bar with the profit added on, or the loss cut off



Profit: the S.P. bar is the C.P. bar and the profit.

- sold on twice: one seller's S.P. is the next buyer's C.P.: pen drive Rs 1000, +250 → Rs 1250; then −300 → the last buyer pays Rs 950
- comparing two prices: subtract the smaller: football Rs 2000 and Rs 1875 → Shop B cheaper by Rs 125

From the unit

	C.P.	S.P.	Result
bag	Rs 700	Rs 900	profit Rs 200
faded bag	Rs 700	Rs 650	loss Rs 50
refrigerator	Rs 18,500	Rs 22,000	profit Rs 3,500
jacket	2500 − 200 = **Rs 2300**	Rs 2500	profit Rs 200
phone	Rs 24,500	24,500 − 2,000 = **Rs 22,500**	loss Rs 2,000
cycle	6,000 + 500 = **Rs 6,500**	Rs 6,000	loss Rs 500

- check a price: 2300 + 200 = 2500 ✓

Many things: use the totals

- compare the **total** C.P. with the **total** S.P.
- two bags: C.P. 1400, S.P. 900 + 650 = 1550 → profit Rs 150 (Rs 200 profit less Rs 50 loss)
- 12 notebooks bought at Rs 45, sold at Rs 50: Rs 5 on **each** → 12 × 5 = **Rs 60**
- things paid for but not sold still count in the C.P.
- momo stall: C.P. Rs 1,800; S.P. 60 × 40 = Rs 2,400 → profit **Rs 600**
- money back at 1,800 ÷ 40 = **45 plates**; every plate after that is profit
- rent and wages belong in the cost too

The tomatoes

- C.P. = 20 kg × Rs 40 = **Rs 800** (the soft ones were paid for too)
- 2 kg bad: S.P. = 18 × 55 = Rs 990 → profit **Rs 190**
- 6 kg bad: S.P. = 14 × 55 = Rs 770 → loss **Rs 30**
- 800 ÷ 55 ≈ 14.5: must sell more than 14.5 kg; 15 kg → Rs 825, profit Rs 25
- up to **5 kg** can go bad with a profit; at 6 kg, a loss

Where it is used

- shops: buy at the wholesale price (C.P.), sell higher; rent, wages and living come out of the profit
- Kalimati, Kathmandu: Nepal's biggest wholesale market for farm produce
- farmers: seed, fertilizer and labor against what the harvest sells for
- usually sold at a loss: used
  - phones
  - cycles
  - motorbikes
- companies: a year's costs and sales give its profit or loss

COMMON MISTAKES

✗ profit on 12 notebooks = Rs 5
✓ Rs 5 on each: 12 × 5 = Rs 60.

✗ C.P. with a loss = S.P. − Loss
✓ the seller paid more: C.P. = S.P. + Loss.

✗ C.P. of the tomatoes = 18 × 40
✓ all 20 kg were paid for: 20 × 40 = Rs 800.

✗ S.P. less than C.P. called a profit
✓ a loss: C.P. − S.P.

✗ costs like rent and gas left out
✓ everything spent is in the cost.