

Key Terms:

Discount Amount (D):

It is a reduced amount of money taken out of the selling price that is offered to customers. It is also referred to as reduction, deduction, knock off, blow out, etc.

A dealer may apply a discount on his/her business to increase sales/profit, attract customers, free up stock, meet goals and demands, increase reputation, etc.

Discount Percentage (D %):

It is a percentage used to represent the discount amount with respect to the marked price of an item. It is usually used to read and easily display information on various charts such as a pie chart, bar graph etc.

Marked Price (M.P):

This is the price on the label of an article/product. It is also called the list price, original price or label price. This is the price at which product is intended to be sold. However, there can be some discount given on this price and the actual selling price of the product may be less than the marked price. It is generally denoted by M.P.

Consumer Arithmetic – Definitions & Formula Sheet # II

Sale Price (S.P):

It is the cost of items or services that is being offered at a reduced cost (discount). It is the reduced price after a discount is given. It is generally denoted as S.P

Do not confuse Selling Price with Sale Price although sometimes they can be the same thing. Remember Selling Price is the price customers pay for an item. But if a discount is given the Selling Price after the discount is given now becomes the Sale Price. In other words,

Selling Price is also known as the Marked Price (before discount)

Selling Price is also known as the Sale Price (after discount)

When Discount is offered:

Marked Price $>$ Sale Price (This also means $S.P < M.P$)

When Discount is not offered:

Marked Price. $<$ Selling Price (when VAT is applied) **OR**

Marked Price = Selling Price (when VAT is NOT applied)

Basic Formulae:

$$\diamond D = M.P - S.P$$

$$\diamond S.P = M.P - D$$

$$\diamond M.P = S.P + D$$

$$\diamond D \% = \frac{D}{M.P} \times 100$$

$$\diamond D = D \% \times M.P$$

Formulae for finding Marked Price of an item when given Sale Price and Discount %

This formula is similar to the formula for calculating the Cost Price of an Item given the Loss % and the Selling Price! - Look back at the Definition & Formula Sheet # I

Given Sale Price & Discount %:

$$\diamond M.P = \left(\frac{100}{100 - D \%} \right) \times S.P$$

OR

$$\diamond M.P = \left(\frac{S.P}{100 - D \%} \right) \times 100$$

OR

$$\diamond M.P = \left(\frac{S.P \times 100}{100 - D \%} \right)$$

**Formulae for finding Sale Price of an item when given Marked Price and
Discount %**

This formula is similar to the formula for calculating the Selling Price of an Item given the Loss % and the Cost Price! - Look back at the Definition & Formula Sheet # I.

Given Marked Price & Discount %:

$$\diamond S.P = (100\% - D\%) \times M.P$$

OR

$$\diamond S.P = \left(\frac{100 - D\%}{100}\right) \times M.P$$

OR

$$\diamond S.P = (100 - D\%) \times \left(\frac{M.P}{100}\right)$$