



Supplemental Instruction Handouts

# Business Math

## Chapter 4:

### Mathematics of Merchandising

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1. For agreeing to purchase a power drill for your company, the distributor will give you a 35% trade discount. What was the net price of the power drill if the list price was \$150?
2. If you received a discount of \$435 from a trade discount of 42%, what was the list price of the item?
3. A competing company sells their product for \$56 less a trade discount of 15%. What rate of discount would you have to use to reduce your product down to match your competitor's price if your list price was \$60?
4. If the list price on an item is \$450 and the net price that you paid was \$375, what rate of trade discount did you receive?
5. You have just purchased an item on credit for \$645 on May 16<sup>th</sup>. If you receive credit terms of 3/5, 2/10, n/30, what amount would you have to pay to settle the debt on a) May 21<sup>st</sup>, b) May 26<sup>th</sup>, or c) May 31<sup>st</sup>?
6. On June 3<sup>rd</sup> you purchase a new LCD computer monitor for your business. The item cost you \$199 with the following credit terms: 2/10, 1/20, n/30. If you make a payment of \$75 on June 13<sup>th</sup> and \$50 on June 23<sup>rd</sup>, what is left owing for the final payment on July 3<sup>rd</sup>?
7. On September 15<sup>th</sup> you purchase an item for your business. The cost of this item is \$599.95 with the following credit terms, 4/10, 2/20 and n/40 EOM. If you settle the debt on October 15, how much do you have to pay? On what date would the debt be due by?

8. You have three debts outstanding and you decide to pay all three on August 22<sup>nd</sup>. The three debts all have terms of 2/10, n/30. The three debts are: 1) you owe \$425 from July 22<sup>nd</sup>, 2) you owe \$235 from August 12<sup>th</sup> and 3) you owe \$125 from a purchase on August 20<sup>th</sup>. How much would you have to pay to settle all three debts?
9. You have just purchased boots at a cost of \$5 per pair and you decide to mark up the boots at a rate of 35% based on cost. What is the selling price of the boots? What is the rate of mark up based on selling price?
10. You decide you are going to sell shirts in your store for \$20 each. If the mark up is 25% of cost, what was the cost of the shirts?
11. You have just purchased coats for \$85 each. You also received a trade discount of 25% for purchasing these coats. If you decide to mark them up 55% of selling price, what is the selling price of these coats? What is the rate of mark up based on cost?
12. You are selling ties in your store for \$45 each. If mark up was 37.5% of selling price, what was the cost of the ties?
13. You purchase jeans from a nationally known manufacturer for \$89 less a 22.5% trade discount. If overhead expenses are 25% of the selling price and we require a profit of 35% of selling price, what is the selling price of the jeans? What would be the break even selling price for the jeans?
14. A television store had purchased LCD televisions for \$599. The store had marked them up by 45% of cost. Since the television store has now brought in this year's televisions they are now forced to sell off the older televisions. If the selling price is reduced by 35% of the selling price, what is the reduced price on the LCD televisions?