

SUBJECT: **PERCENTAGES FOR PROFIT CALCULATIONS (MORE SPECIALISED)**

KEY-WORDS: Percentages, Profit, mark-up, selling price

LINK-WORDS: Scientific,

<p>NOTES</p> <p>Percentages are often used in day-to-day situations and especially in businesses. Unfortunately, the formulae used often look more complicated than they actually are.</p> <p>Percentages are simply “parts of a hundred”. So to calculate any percentage you need to divide by 100 and then multiply by that percentage.</p> <p>The “mark-up” in business is the percentage added to purchase costs to cover “hidden costs” and allow for a profit. What percentage this is depends on the type of business, but is typically 150% for food!</p> <p>You can do this calculation in one go by thinking about the fractions. Adding 150% means you have 250% of your original sum (the original 100% + 150%). So $x \times 250\% = x \times \frac{250}{100}$. But $\frac{250}{100} = \frac{100}{40}$</p> <p>is seen to be “easier” because you multiply by 100. The 40 comes for the fact that there are 2.5 40’s in a 100. Still with me?</p> <p>If you wanted to add a mark-up of 100% you would multiply by 100 and divide by 50 to get 200% of your original costs.</p> <p>If you wanted to add a mark-up of 250% you would multiply by 100 and divide by 28.57 to get 350% of your original costs.</p> <p>DO’s Check that your answer makes sense – an percentage less than 100% will be less than the original amount. More than 100% will be greater than the original amount.</p>	<p>EXAMPLES</p> <p>What is 30% of 120?</p> $120 \div 100 \times 30 = 36.$ <p>So - What is the selling price if I add 30% to costs?</p> $\begin{aligned} \pounds 120 + \pounds 120 \times 30\% &= \pounds 120 + \pounds 36 \\ &= \pounds 156 \end{aligned}$ <p>Add 150% mark-up to a sandwich where the ingredients costs are $\pounds 1.20$.</p> $\begin{aligned} \pounds 1.20 + \pounds 1.20 \times 150\% &= \pounds 1.20 + \pounds 1.20 \times \frac{150}{100} \\ &= \pounds 1.20 + \pounds 1.80 \\ &= \pounds 3.00 \end{aligned}$ $\begin{aligned} \pounds 1.20 \times \frac{100}{40} \\ &= \pounds 3.00 \end{aligned}$ <p>Add 100% mark-up to a base cost of $\pounds 3.00$</p> $(\pounds 3.00 \times 100) \div 50 = \pounds 6.00$ <p>Add 250% mark-up to $\pounds 4.00$ costs.</p> $(\pounds 4.00 \times 100) \div 28.57 = \pounds 14.00$ <p>DON’Ts Don’t accept your answers blindly – especially if you’ve used a calculator (wrong buttons easily pressed!).</p>
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<p>RELEVANT SUBJECTS Business Studies, Technology, Catering, ICT.</p>	<p>EXAMPLES and LINKS http://www.foodservicewarehouse.com/blog/price-catering-menu/</p>
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