

## Calculation Scheme - from the purchase of goods to the sale of goods

### Task 3

Skirty Plc trades in skirts. Cost of materials excl. VAT is £30. What will be the gross buying price incl. VAT and the gross selling price incl. VAT for each skirt if Skirty Plc receives from its supplier a regular discount of 25% and a cash discount of 3% and gives its customers a regular discount of 10% and a cash discount of 2%? Think of the value-added tax (VAT) too, which is 7.7%. Calculate by completing the following table (all in £).

(Due to the fact that Skirty Plc is sure that it will receive a discount and will pay quickly in order to receive the cash discount, the input tax has to be calculated from the cost of materials. But Skirty Plc does not know yet whether it really has to grant a regular and/or a cash discount. Therefore, it calculates the sales tax from its gross selling price.)

	Gross purchase price incl. VAT (list price)	<b>34.79</b>		<b>100%</b>
-	Discount	<b>8.70</b>		<b>25%</b>
=	Net purchase price incl. VAT (invoice price)	<b>26.09</b>	<b>100%</b>	<b>75%</b>
-	Cash discount	<b>0.78</b>	<b>3%</b>	
=	Net cash price incl. VAT (payment price)	<b>25.31</b>	<b>97%</b>	
+	Delivery cost	7.00		
=	Cost of materials incl. VAT	<b>32.31</b>	<b>107.7%</b>	
-	Input tax (VAT)	<b>2.31</b>	<b>7.7%</b>	
=	Cost of materials excl. VAT	30.00	<b>100%</b>	_____
+	<b>Overheads</b>	<b>15.00</b>	50%	_____
=	Cost of sales	<b>45.00</b>	<b>150%</b>	<b>100%</b>
+	<b>Net profit</b>	<b>4.50</b>	_____	10%
=	Sales price (payment price)	<b>49.50</b>	<b>98%</b>	<b>110%</b>
+	Cash discount	<b>1.01</b>	<b>2%</b>	_____
=	Net selling price (invoice price)	<b>50.51</b>	<b>100%</b>	<b>90%</b>
+	Discount	<b>5.61</b>	_____	<b>10%</b>
=	Gross selling price excl. VAT	<b>56.12</b>	_____	<b>100%</b>
+	<b>Sales tax (VAT)</b>	<b>4.32</b>	_____	<b>7.7%</b>
=	Gross selling price incl. VAT (list price)	<b>60.44</b>	_____	<b>107.7%</b>