

Profit and Loss Formulas

What is Profit & Loss?

Profit and Loss is a measure of the financial performance of a business or investment. Profit refers to the excess of revenue over expenses, while loss refers to the excess of expenses over revenue. In simple terms, profit is what a business earns after deducting its costs, while loss is what a business incurs when its expenses exceed its revenue.

Calculating profit and loss involves understanding some key concepts, such as cost price, selling price, profit percentage, and loss percentage.

Profit and Loss is a topic that is definitely asked in every placement exam. While the questions are not too tricky, some require deeper understanding of concepts, but most of them are based on certain well-known formulas.

Profit : $\text{Profit} = \text{Selling Price} - \text{Cost Price}$

Loss : $\text{Loss} = \text{Cost Price} - \text{Selling Price}$

Profit Percentage: $\text{Profit}\% = (\text{Profit} / \text{Cost Price}) \times 100\%$

Loss Percentage: $\text{Loss}\% = (\text{Loss} / \text{Cost Price}) \times 100\%$

Selling Price: $\text{Selling Price} = [(100 + \text{Profit}\%) / 100] \times \text{Cost Price}$

Cost Price : $\text{Cost Price} = [100 / (100 + \text{Profit}\%)] \times \text{Selling Price}$

Selling Price (after discount) : $\text{Selling Price} = [(100 - \text{Loss}\%) / 100] \times \text{Cost Price}$

Cost Price (after discount) : $\text{Cost Price} = [100 / (100 - \text{Loss}\%)] \times \text{Selling Price}$

Discount : $\text{Discount} = \text{Marked Price} - \text{Selling Price}$