



Trade

Discount



Introduction



DEFINITION: A reduction from the list price (selling price) granted to buyers, typically wholesalers or large-scale purchasers

SINGLE DISCOUNT: A one-time discount given to a customer under specific conditions (e.g., volume purchases, promotional offers like 10/10 sales, or special sectors like senior citizens and vaccinated individuals)

Introduction



LIST PRICE (LP) : The initial price or the suggested retail price before any discounts are applied

Key Formulas (Single Discount)

To calculate the final cost of an item, you need to understand three main variables:

Discount Amount: $\text{List Price} \times \text{Discount Rate}$

Net Invoice Price (NIP): The final amount to be paid after the discount is deducted.

Method 1: $\text{List Price} - \text{Discount Amount}$

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Key Formulas (Single Discount)

Method 2 (Complement Method): $\text{List Price} \times (100\% - \text{Discount Rate})$

Net Invoice Price Rate (NIPR):
 $100\% - \text{Discount Rate}$

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Example Problem (Single Discount)

★ Scenario: An item has a List Price of ₱1,250 with a 15% discount

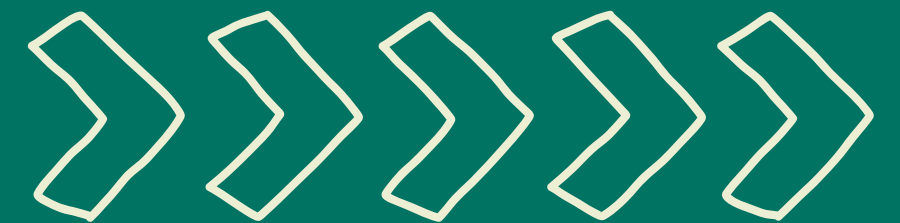
Calculation:

★ Discount Amount: $₱1,250 \times 0.15 = ₱187.50$

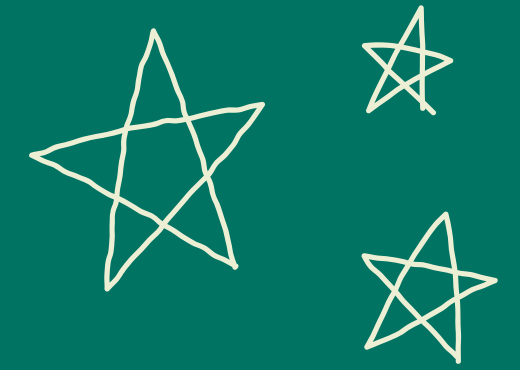
Net Invoice Price: $₱1,250 - ₱187.50 =$

$₱1,062.50$

Alternative Method: $₱1,250 \times 0.85$ (which is $100\% - 15\%$) = $₱1,062.50$



Series of Discounts (Chain Discounts)



Sometimes businesses offer multiple discounts (e.g., 10% and 5%) instead of a single combined rate

The Golden Rule: Discounts are applied sequentially, not by adding the percentages together (i.e., 10% + 5% is NOT the same as a flat 15% discount)

Step-by-Step Calculation:

Apply the first discount to the List Price to get a partial net price.

Apply the second discount to that new partial net price

Example (₱1,250 with 10% and 5%):

10% of ₱1,250 = ₱125 → New Balance:
₱1,125

5% of ₱1,125 = ₱56.25 → Final Price:
₱1,068.75

Summary Checklist for PPT Slides



- Slide 1: Title & Objectives.
 - Slide 2: Definition of Trade Discount vs. List Price.
 - Slide 3: Basic Formulas (Discount Amount and Net Invoice Price).
 - Slide 4: Step-by-Step Example (Single Discount).
 - Slide 5: Introduction to Series/Chain Discounts.
 - Slide 6: Example Calculation for Series Discounts.
- t for PPT Slides

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Thank

You

