

Introduction to Profit and Loss



Generally, shopkeepers sell an article at a price which is more than its cost price. The difference of S.P. and C.P. gives the profit. In short, we denote profit as P.

Profit = Selling price – Cost Price

$$P = S.P. - C.P.$$

Sometimes, a shopkeeper may sell an article at a price lower than its cost price. When the cost price is more than the selling price, there is a loss. In short, we denote loss by L.

Loss = Cost Price – Selling price

$$L = C.P. - S.P.$$



Let us understand with some examples:

Example 1: A car dealer bought a car for Rs. 8, 84, 000 and sold it for Rs.8,90,000.

Solution: C.P. of the car = Rs. 8, 84, 000, S.P. of the car = Rs. 8, 90, 000

$$S.P. > C.P.$$

Since the dealer is selling it at a price more than its cost price, he earns a profit.

Profit = Selling price – Cost price

$$= \text{Rs. } 8, 90, 000 - \text{Rs. } 8, 84, 000$$

$$= \text{Rs. } 6,000$$

The dealer earns a profit of Rs 6,000.

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⇒ **Example 2:** A fruit seller bought fruits for Rs. 740. He could not sell them for three days. After three days he sold them for Rs. 580.

Solution: C.P. of fruits = Rs. 740

S.P. of fruits = Rs. 580

Since the fruit seller sold fruits at a price less than the cost price, he had a loss.

∴ Loss = Cost price - Selling price

= Rs. 740 - Rs. 580

= Rs. 160.

∴ The fruit seller had a loss of Rs. 160.