**Math: Discounts**

Student Notes Outline

Objectives:

* Calculate an assortment of discounts
* Assimilate a retail environment through use of word problems in calculating assortments of discounts
* Demonstrate knowledge of correct procedures in calculating cash/trade discounts
* Demonstrate understanding of trade/cash discounts by calculating EOM and ROG terms
* Demonstrate proficiency with math calculations
* Calculate quantity and cumulative quantity discounts

What are the Advantages of Discounts?

Allows \_\_\_\_\_\_\_\_\_\_\_/\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ the “best deal”

Provides an\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to do business w/company

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ $$$ for Open to Buy

* Merchant has more $$ available to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Merchant is more capable to generate \_\_\_\_\_\_\_\_\_\_\_\_

Types of Discounts

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* Purchases must be made well in advance
* Usually at least \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ in advance
* Deep \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ for merchants w/\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* Buy \_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ and store in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* The \_\_\_\_\_\_\_\_ units \_\_\_\_\_\_\_\_\_\_\_\_\_, the more $$ \_\_\_\_\_\_\_\_\_\_\_\_\_
* Incentive to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
   * A \_\_\_\_\_\_\_\_\_\_\_\_\_\_ total is kept so \_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as more orders are placed
2. \_\_\_\_\_\_\_\_\_\_\_

Expressed as:

* Less 15%, 10%, 5% (percentages will vary)
* \*\*DO NOT add \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ before taking \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
* \*\*Take each percentage \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

*Example of Chain Discount:*

A tire manufacturer sells radial tires for $85, less 15%, 9%, 4%.

**Calculate the problem:**

5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

* Allows \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to sell merchandise prior to billing
* Gives \_\_\_\_\_\_\_\_\_\_ time to generate \_\_\_\_\_\_\_\_\_\_\_\_
* Most companies deal with more than one \_\_\_\_\_\_\_\_\_\_\_\_
* Bills are \_\_\_\_\_\_\_\_ as terms \_\_\_\_\_\_\_\_\_\_\_\_
* Shown on \_\_\_\_\_\_\_\_\_\_\_\_ as “Terms:”

Note: Each numeral in the equation may vary:

***Expressed as:***

2/15, n/60 or 2/15, net 60 or 2/15, n60

***Interpreted as:***

\_\_\_\_\_% discount if paid w/in \_\_\_\_\_ days of invoice.

All is due \_\_\_\_\_\_ days from date of invoice.

**Example:**

**Invoice Amount:** $599.65

**Date of Invoice:** Nov. 12, 2004

|  |  |
| --- | --- |
| **Terms:** | 3/10, n/60 |

When does the discount deadline end? \_\_\_\_\_\_\_\_\_\_

When is the final payment due if discount is not taken? \_\_\_\_\_\_\_\_\_\_\_\_

What is the amount payable w/discount? \_\_\_\_\_\_\_\_\_\_\_

What is the discount amount in $$? \_\_\_\_\_\_\_\_\_

* Do you know how many days are in each month?
* Use the knuckle method
  + Make a fist and look at your knuckles.
  + The first knuckle is “January.” \_\_\_\_\_\_\_\_\_\_\_is in between. The second knuckle is “March.” “April” is in between. \_\_\_\_\_\_\_\_\_\_\_is the 3rd knuckle. “June” is in between. “July” is the last knuckle. Start again on the first knuckle and it’s \_\_\_\_\_\_\_\_\_\_\_. “September” is in between. “October” is the next knuckle. \_\_\_\_\_\_\_\_\_\_\_is in between. \_\_\_\_\_\_\_\_\_\_\_is the next knuckle.

All “Knuckles” have 31 days; the in-betweeners have 30 with the exception of

\_\_\_\_\_\_\_\_\_\_\_\_\_\_, which has 28 days.