

Financial Accounting

Goods – price calculation

A large retailer buys 2,100 kg of organically grown table grapes from a Valais winegrower. He resells them in his stores mainly in Switzerland.



The following information is known:

- The tare weight is 100kg. (The tare weight is the weight of the material in which goods are wrapped, taken away from the total weight of the goods including this material to find the net weight of the goods);
- an 8% discount is obtained from the producer;
- the purchase costs are 5% of the net purchase price;
- the distributor's cost of goods prices is CHF 5,989.20

a) Calculate the net weight of grapes purchased.

b) Calculate the total gross purchase price and the gross purchase price per kilo.

c) Calculate the total net selling price knowing that the distributor wants a gross margin of 15% of the net selling price.

d) Overheads expenses (admin and other expenses) represent 10% of the total purchase cost. What is net profit? Is it a net profit or a net loss? We assume that everything is sold.

e) The merchant wants to sell this table grape with a 4% discount as a promotional offer. Calculate the gross selling price of a kilo of grapes, knowing that he expects to sell 1,900 kilos.