Business Calculations

Exercise

An optician in the region, which generates an annual turnover of CHF 450,000, decides to buy frames in France from a new supplier. There is no customs duty for these items. The price of the frame is € 132. The Swiss carrier charges CHF 1.10 including VAT for the "protected" shipment to Switzerland.

Additional information:

- the VAT rate in France is 20%, in Switzerland 8,1%;
- The mark up rate for operating expenses is 150% and mark up of net profit is 10%;
- The exchange rate is 0.97:

a) What is the VAT amount he has to pay per glasses at customs?

b) What is the VAT amount, at the time of purchase, to be taken into consideration for the calculation of the sale price?

c) Same questions (a and b) if he was not liable to VAT!

d) What is the selling price of a frame displayed in his store, knowing that he wants to do a 15% discount for students? Half of customers pay with a card, the other cash. There is a 3% card fee to consider.

e) The same optician sells glasses boxes for CHF 13.95. The purchase price of his Swiss supplier is CHF 2.70 after a deduction of 10%. The operating cost mark-up rate is also 150% on this product. You must consider 3% card fees. What is the mark up rate of the net margin on this product?