

Answer on Question #53967 – Math – Algebra

Question

If a pizza costs £2.85 (Ex VAT) to produce and is sold to the guest for £8.29 (Ex VAT), what percentage gross profit is made from this dish? (To 1 decimal place).

Solution

gross profit = total revenue – total costs of goods

gross profit margin = gross profit / total revenue

then

gross profit = $8.29 - 2.85 = £5.44$

and **gross profit margin** = $5.44 / 8.29 = 0.656$ or **65.6%**.