Cost price (or simply 'cost') is the amount the store owner paid when he purchased the item
Selling price is what he is selling it for. If the store sells an item for more than they paid for i
then the difference is the profit. If the store sells a thing for less than they paid for it,
then the difference is the loss. Both profit and loss can be expressed either in dollars,
or as a percentage of the cost price.

S.P. = Selling Price, C.P. = Cost Price, P = Profit and L = Loss.

Profit = Selling Price - Cost Price   Loss = Cost Price - Selling Price

Ratio of profit to cost price = P : C.P. = $\dfrac{P}{C.P.}$

$\therefore$ Percentage of profit = $\dfrac{P}{C.P.} \times 100$

Example :

A shopkeeper buys Xbox video game systems for $250 each. He sells them for $279 each.
Calculate the profit on each Xbox system in dollars, and as a percentage of the cost price.

Solution : C.P = $250; S.P. = $270

Profit = S.P. - C.P.

$\Rightarrow$ $270 - $250 = $20

Ratio of profit to cost price = 20 : 250 = $\dfrac{20}{250}$