

## Profit or loss on swap

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**In prepaid business, swap is inevitable.**

**When swap occurs, there is a chance to create profit or loss.**

For example, a customer purchased 10 whitening treatments for \$8,000.

Afterwards, she would like to forgive the purchased 10 whitening treatments and swapped for a HiFu treatment worth \$8,800.

If the company accepts that there is no need for the customer to compensate the difference, the company will recognise \$800 loss on swap.

$$\$8,800 - \$8,000 = \$800$$

If the HiFu treatment worth \$7,800, the company will recognise \$200 profit on swap.

$$\$7,800 - \$8,000 = \$200 \text{ CR}$$

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**Why profit or loss on swap so important ?**

**It is because it is a vital element in the calculation of customer remaining balance.**

**Without this concept, discrepancies may occur.**

For example, a customer purchased 10 whitening treatments for \$8,000.

Invoice amount is \$8,000 and customer remaining balance will be increased by \$8,000.

Afterwards, she would like to forgive the purchased 10 whitening treatments and swapped for a HiFu treatment worth \$8,800.

If the company accepts no compensation is required, invoice amount is \$0.

Customer remaining balance, after deducting previous \$8,000 and new add \$8,800, will be increased by \$800. This is the loss on swap.

If the HiFu worth \$7,800 and the customer accepts no refund, invoice amount is \$0.

Customer remaining balance, after deducting previous \$8,000 and new add \$7,800, will be reduced by \$200. This is the profit on swap.

Of course, if the HiFu worth \$8,000, there will be no change on customer remaining balance and no profit or loss on swap.