

NEW YORK CITY COLLEGE OF TECHNOLOGY  
THE CITY UNIVERSITY OF NEW YORK

MERCHANDISING PLANNING AND CONTROL

Course MKT 1255, In-class Assignment

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Construct a final profit and loss statement from the figure below

Gross sales	-----	\$200,000
Customer returns and allowances	-----	\$15,000
Opening inventory, at cost	-----	\$38,000
Billed cost of goods	-----	\$99,000
Inward transportation cost	-----	\$5,000
Cash discounts	-----	-\$6,000
Closing inventory, at cost	-----	-\$36,000
Payroll	-----	\$48,000
Occupancy	-----	-\$1,200
Wrapping and packing	-----	-\$2,000
Utilities	-----	-\$2,000
Delivery	-----	-\$2,800

Gross sales	\$200,000
- customer R&A	-\$15,000
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<b>= Net Sales</b>	<b>= \$185,000 (100%)</b>
Opening Inventory (cost)	\$38,000
+Billing cost of goods	+\$99,000
+Inward transportation	+\$5,000
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<b>= Merchandise Handled</b>	<b>\$142,000</b>
- Closing Inventory	- \$36,000
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<b>=Gross cost of goods sold</b>	<b>= \$106,000</b>
- Cash discounts	- \$6,000
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= **Net cost of goods sold**  
+ Alterations  

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**= Total cost of goods sold**

= **\$100,000**  
+ 0 (No Alterations)  

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**= \$100,000 (54.1%)**

Utilities  
+ Delivery  
+ Payroll  
+ Occupancy  
+ Wrapping and Packing  

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**= Total operating expenses**

\$2,000  
+ \$2,800  
+ \$48,000  
+ \$1,200  
+ \$2,000  

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**= \$56,000 (30.3%)**

Net sales  
- Total cost of goods sold  

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**= Gross Margin**

\$185,000  
- \$100,000  

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**= \$85,000**

Gross Margin  
- Total operating expenses  

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**= Net Profit**

\$85,000  
- \$56,000  

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**= \$29,000 (15.7%)**