**Short Answer Questions, Chapter 3 NAME;\_Faharia Afrin\_\_\_\_\_**

1.Net sales minus cost of merchandise sold equals Gross Margin.

2. Operating profit is the result of relationships among these three factors: (You must

 answer all three correctly for full credit of 1pt.

 \_\_\_\_\_\_Sales Volume\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_\_\_\_\_Cost of Merchandise sold\_\_\_\_

 \_\_\_\_\_\_Expenses\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

3. When expenses are larger than gross margin, a loss results.

4. Customer return and allowance percent is based on Gross Sales.

5. When comparing this year’s sales with last year’s sales, the percent of increase or decrease is based on \_\_\_\_\_Last Year’s Sales\_\_\_\_\_\_\_\_\_.

**Performance Measures, Chapter 3: 2pts each.**

1. A department needs to operate with a minimum selling cost of 8.2%. How much would a salesperson need to sell to justify earnings of $16,000/year?

 Answer: \_\_\_\_$19,5122\_\_\_\_

 8.2% = $16,000/x

 x = 8.2% = $16,000

 x = $16,000/0.082

 **x = $19,5122**

1. For the Month of June, Ms. Johnson’s gross sales totaled $8,116, but customers returned merchandise worth $770. She worked 165 hours and was paid $6.50/hr. Calculate her selling cost percent.

Answer: 15%

Net Sales = $8,116 - $770

 = $7,346

Selling Cost = Goss Wages / Net Sales

Gross Wages = 165 \* $6.50

 = $1,072.50

Selling Cost = $1,072.50 / $7,346

 = 0.145 🡪 **15%**

3. A store’s hosiery department had sales last year of $448,200. It occupied 1,800 square feet.

What were the store’s sales per square foot for last year?

 Answer: \_\_\_\_$249 per sq feet\_\_\_\_

 $448,200 = 1,800 \* x

 $448,200 / 1,800 = x

 **$249 per sq ft = x**

4. A department store averages sales of $195 per square foot. In a new store how many square feet of selling space would be needed to produce total annual sales of $39,000,000.

 Answer: 200,000 sq feet

 $39,000,000 = $195 \* x

 $39,000,000 / $195 = x

 **200,000 = x**

5. According to payroll records, 26 employees worked during the past week. Of these employees, 13 were full-timers who worked a regular 40-hour week. Part-time employees worked a total of 480 hours. If the store’s total sales for the week were $48,000, what were the sales per full-time employee equivalent?

 Answer: $1,920 per full-time employee equivalent

 Number of full-time equivalent employee = (total hours part-time worked / hrs full-time worked each) + number of full-time employees

 Number of full-time equivalent employee = (480/40) + 13

 Number of full time equivalent employee = 25

 Sales per full-time equivalent = $48,000/25

 **Sales per full-time equivalent = $1920**