

Finding Markups, Initial, Cumulative &  
 Maintained Quiz #3  
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1. From the following figures, calculate the cumulative mark percentage for the Hosiery Department for the month of October:

	Cost	Retail
Oct 1 <sup>st</sup> Inventory	\$ 14,500	\$ 27,300
Transportation Cost	500	
New Purchases w/ Transfer	\$ 9,100	\$ 16,600

$$CM = \frac{\text{Retail of total merchandise handled} - \text{Cost of total merchandise handled}}{\text{Retail of total merchandise}}$$

$$\begin{aligned} \$27,300 + \$16,600 &= (43,900) & 43,900 - 24,000 &= \$19,820 \\ \$14,500 + 500 + 9,100 &= (24,100) & & \underline{\$43,900} \end{aligned}$$

$$T = 45.10\% \text{ Cum markup \%}$$

Final Answer

2. A buyer ordered 10 raincoats at a cost of \$37.75 each to retail at \$75.00 each and 8 raincoats at a cost of \$49.75 each to retail at \$100 each. What is the MU% on this purchase?

$$TR - TC = MU$$

$$\text{Retail } (10 \times 75) + (8 \times 100) = 750 + 800 = 1,550$$

$$\text{Cost} = (10 \times 37.75) + (8 \times 49.75)$$

$$377.50 + 398 = 775.50$$

$$\begin{array}{r} 1550 \\ - 775.50 \\ \hline 774.50 \end{array} \quad \left( \frac{774.50}{1,550} \right) \text{ (49.97\% markup) } \underline{\text{Final Answer}}$$

3. The Owner of The Skull shoe shop made the following estimates:

Net Sales	\$ 80,000
Reductions	\$ 4,000
Shrinkage	\$ 540
Expenses	\$ 22,500
Profit	\$ 6,500
Alteration Cost	\$ 400
Cash Discount	\$ 2,000

What is the average initial markup Elina will need to get on purchases for the season?

$$IM\% = \frac{22,500 + 6,500 + 400 + 4,000 + 540}{80,000 + 4,000 + 540}$$

$$\begin{aligned} \text{Gross Profit} &= 80,000 - 40,000 - 540 - x \\ &= 75,460 - x \\ &= 75,460 - 22,500 - 400 - 2,000 - x \\ &= 50,560 - x \end{aligned}$$

$$\text{Profit} = 6,500$$

$$50,560 - 6,500 = 44,060$$

$$80,000 - 44,060 = 35,940$$

mu/purchases

$$\frac{35,940}{44,060} = \boxed{81.57\%}$$

Final Answer

4. Determine the following (a) maintained markup % and Gross Margin Percent (+ 5 points) given:

Net Sales	\$ 400,000
Gross Coms	\$ 205,000
Cash Discount	\$ 5,500
Alteration Cost	\$ 1,500

$$\text{Gross Margin} = \$ 400,000 - 205,000 = \$ 195,000$$

$$\text{mmu} \$ = \text{alteration cost} - \text{CD} + \text{gross margin} \$$$

$$= 1,500 - 5,500 + \$ 195,000$$

$$\text{mmu} \$ = 191,000$$



$$\frac{191,000 + 5,500 - 1,500}{400,000} = \frac{195,000}{400,000}$$

$$\text{Gross Margin \%} = \frac{\text{gm\$}}{\text{ns\$}} = \frac{195,000}{400,000} = \boxed{48.75\% \text{ markup m/s}}$$

Final Answer

5. Women's dining gloves are offered to a buyer at a cost of \$48 per dozen. If a buyer needs to get a 45% markup, what would be the minimum price at which each pair of the gloves be retailed?

$$12 = \$4 \text{ a pair: } (48/12)$$

$$\text{Retail} = \text{Cost } \$$$

$$\frac{1}{(100\% - \text{RM}\%)}$$

$$\frac{1}{.55} = \boxed{1.27} \text{ Final Answer}$$

6. What are the five (Six) Rights of merchandising?  
Define merchandising as a definition.

1. Right location
2. Right Merchandise
3. Right quality
4. Right Time
5. Right customer

Definition: The management and selling of merchandise or as the planning involved in estimating customer requirements, preferences and merchandising them into a strategic presentation. By promoting and selling products to consumers, through advertising, and sales techniques.

7. How does retailing differ from wholesaling?

Retailing is the last step in the supply chain that moves goods from the producer to the final consumer. Retailing includes all business activities and functions in obtaining goods from manufacturers and wholesalers and selling goods to the final consumer.

8. What is Dr. Adomaitis' favorite spectator sport she has mentioned in class on several occasions? Who is her favorite player (first, last name)? From what country does this person represent (specifically)?

Tennis

Carlos Alcaraz = A Spanish player  
from Spain