Quick Questions On The Retailing And Gross Profit Methods

1. Assume a retail store marked up its beginning inventory of $40,000 to $60,000, and that purchases of $60,000 were marked up to sell for $100,000. Sales were $120,000. Using the retail method of inventory valuation, calculate the value of the ending inventory.

2. A second retail store had sales of $404,000 and Sales Returns and Allowances of $4,000. Beginning inventory was $100,000. Purchases were $210,000 and Purchase Returns and Allowances were $10,000. Calculate the ending inventory assuming a gross profit percentage of 50%.