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 60%.