Markup Worksheet Assignment

First, work out the example problems from the PowerPoint.

1. **Reference Slide 6: For example, a shirt was priced at $30. The shirt cost the buyer $10. What was the $MU and what was the MU%?**

   Formula: Cost + $MU= Retail Price

   $10 cost+30 $MU = Retail Price

   *Subtract the cost from the Retail Price to get the $MU (MU= Retail Price – Cost)
   $30-$10= $20 MU

   B. MU%= $MU/ $Retail Price

   MU% = $20 MU/$30

   MU% = 60%

   Answers: A. $ MU $20, B. %MU 60%

2. **Reference Slide 11: A buyer is planning the initial MU with planned expenses of $70,000, planned profit of $10,000, planned reductions of $5,000, and planned sales of $300,000. What should the initial MU % be?**

   Initial MU% = $MU/ Retail Price = $\frac{\text{(Planned expenses + Planned Profit + Planned reductions)}}{\text{(Planned Sales + Planned Reductions)}}$

   Planned Expenses = $70,000
   Planned Profit = $10,000
   Planned Reductions = $5,000
   Planned Sales =$300,000

   $MU= 70,000 + 10,000 +5,000 = 85,000
   Retail Price=300,000 + 5,000= 305,000

   85,000/305,000 = 0.278

   Answer: 27.8%

3. **Reference Slide 15: On October 1 the buyer received blouses that cost the retailer $30,000 and the retail price was $40,000. On October 7 the retailer received blouses that cost $10,000 and would retail for $20,000. What is the cumulative $MU? What is the cumulative %MU?**

   A. What is the cumulative $MU?

Formula: Cumulative MU$ = Retail Price – Cost

Find Retail Price and Cost to get Answer:

	Cost	Retail
Inventory October 1	$30,000	$40,000
Purchases October 7	$10,000	$20,000
	$ 40,000	$60,000

Retail Price – Cost= $20,000

A. What is cumulative %MU?

Cumulative MU%= $\frac{\text{\$Total markup of all good on hand}}{\text{\$Retail Price of all good on hand}}$

Cumulative MU%= 20,000/60,000 = .3%

Answer: A. $20,000, B. 33.3%

4. **Calculate the maintained MU if the actual expenses were $60,000, the actual profit was $10,000, and the actual sales were $190,000.**

Maintained MU% = $\frac{\text{Actual expenses + actual profit}}{\text{Actual Sales}}$

Actual expenses = $60,000
Actual Profit = $10,000
Actual Sales = $190,000

Maintained MU% = Actual expenses + actual profit/ actual Sales
Maintained MU% = 60,000 + 10,000/ 190,000
Maintained MU% = 0.36

Answer: 36.8%

5. **Lily goes into the store and sees a dress priced at $40.00. The buyer paid $10 for the dress. What was the dollar markup? What was the percentage markup?**

Retail = $40
Cost = $10

Cost + MU = Selling Price
$10 + $MU = $40

$MU= $30

$MU/retail price = MU%

$\frac{\$30}{\$40}$ = .75

.75*100 =75%

MU% = 75%

6. **A shirt retails for $90. The markup at this store is commonly 85%. What was the dollar markup? What did the shirt cost the buyer?**

Retail = $90
MU% =.85

$MU/retail price = MU%
$MU/100 = .85
($.90)* $MU = .85 ($90)
$90
$MU= $76.5

Cost + $MU = Selling Price

Cost + $85 = $90

Cost =13.50

7. **A buyer has current inventory that she paid $70,000 for. It retails for $80,000. She made purchases today that cost $10,000 and will retail for $30,000. What is the cumulative dollar MU? What is the cumulative MU%?**

Cost	Retail	$MU/retail price = MU%
Current Inventory	$70,000	$80,000
Purchases Made	$10,000	$30,000 $30,000 = .36%
Total Merchandise	$80,000	$110,000 $110,000

Cost + $MU = Selling Price
$80,000 + $MU = $110,000
$MU= 30,000

.27 * 100 = 27%

MU% =27%

8. **A buyer has expenses of $110,000 and has made a profit of $40,000. She has been able to maintain a markup of 60%. What have her sales been?**

Expenses = $110,000
Profit = $40,000
Maintained MU% = 60%

Maintained MU% = (Actual expenses + actual profit) / Actual Sales

60% = ($110,000 + $40,000) / Actual Sales

(Actual Sales) .6 = $150,000

(Actual Sales) = $\frac{\$150,000}{.6}$

Actual Sales = $250,000

9. **A buyer's planned expenses are $65,000, planned profit is $15,000 and planned reductions are $20,000. His planned sales are $200,000. What is the initial MU%?**

Planned Expenses = $65,000 **Planned Profit = $15,000**
Planned reductions = $20,000 **Planned Sales = $200,000**

Initial MU% = $\frac{\text{(Planned expenses + Planned Profit + Planned reductions)}}{\text{(Planned Sales + Planned reductions)}}$

$= \frac{(\$65,000 + \$15,000 + \$20,000)}{(\$200,000 + \$20,000)}$

= .45

100% * .45= 45%

Initial MU% = 45%

10. **If a shirt costs the retailer $40 and it sold for $100, what was the markup percentage?**

MU% = (Retail – Cost)/Retail

MU% = (100 – 40)/100

MU% = 60/100

MU% = 0.60

MU% =60%