

PROBLEM INFORMATION

	COST	RETAIL
Inventory, beginning	35	50
Purchases	60	80
Net Mark-ups		4
Net Mark Downs		2
Net Sales		70

RETAIL AVERAGE METHOD

Inventory, beginning	35	50
Purchases	60	80
Net Mark-ups		4
Net Mark Downs		-2
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Goods available for sale	95	132
Cost / Retail (95 / 132) = 72%		
Less: Net Sales		70
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Estimated ending inventory @ retail		62
		<hr/>
Estimated ending inventory @ cost		
72% X 62 =	45	

RETAIL CONVENTIONAL METHOD

Inventory, beginning	35	50
Purchases	60	80
Net Mark-ups		4
		<hr/>
Goods available for sale	95	134
Cost / Retail (95 / 134) = 71%		
Less: Net Markdowns		-2
	<hr/>	<hr/>
	95	132
Less: Net Sales		70
		<hr/>
Estimated ending inventory @ retail		62
		<hr/>
Estimated ending inventory @ cost		
71% X 62 =	44	

