

## TUTORIAL : MARKUP AND MARKDOWN

- 1) Pak Salleh purchased a cabinet at a cost of RM 150 . If the operating expenses are 20% of the cost and net profit 10% based on retail price, find
- i) the retail price. (3 marks)
  - ii) the gross profit. (2 marks)
  - iii) the breakeven price. (2 marks)
  - iv) the maximum markdown percent that could be offer so that there is no profit or loss.
  - v) the net profit or loss if the retail price was RM 195.50. (2 marks)
- 2) Sabena purchased a Plasma TV for RM6,500 less 20% and 15%. If operating expenses and net profit were 20% and 15% on cost respectively, find
- i) the retail price (4 marks)
  - ii) the gross profit (1.5 marks)
  - iii) the net profit (1 marks)
  - iv) the breakeven price (1.5 marks)
  - v) the maximum markdown percent that could be offered so that there is no profit or loss (2 marks)
  - iv) the net profit or loss if the retail price was RM5,650. (2 marks)

- 3) Best Shoes Company buys 100 pairs of shoes for RM2,750. The company wants a markup and net profit of 20% and 15% of the cost respectively.
- Find the selling price and operating expenses for a pair of shoes. (6 marks)
  - The company only managed to sell 85 pairs of shoes. To sell off the remaining shoes, the company markdown the shoes at 15%. Does the company gain profit or loss if they managed to sell all the shoes? (6 marks)
- 4) Amir Bookstore sells a set of books at RM150 and makes a net profit of 15% based on the selling price. If the operating expenses are 10% based on cost, find the cost of the books and the gross profit made. (5 marks)
- 5) A retailer purchased 30 tables at a price of RM400 each. The operating expenses for the tables were 10% based on cost. The retailer had expected to get 20% net profit based on cost.
- Find the selling price of a table (2.5 marks)
  - At the end of the year, the trader managed to sell only 20 tables. He therefore sold the remaining tables at the breakeven price. Find
    - the breakeven price for each remaining table. (1.5 marks)
    - the percentage of markdown that was given. (2 marks)
    - the total gross profit for the 30 tables sold. (3 marks)
- 6) The retailer bought an item for RM350. He sold the item at a gross profit of 25% on the selling price.
- Find the selling price (3 marks)
  - If the retailer decided to give discounts of 15% and 10% but still maintain a gross profit of 25% on the selling price, find the list price of the item. (3 marks)
  - What is its markup per cent based on cost price? (2 marks)