Appendix B: Retail Operation Markup Percentage Calculation Example

This is a small stockroom operation that keeps a small inventory of gases, chemicals, and other lab supplies on hand for resale to researchers on campus.

Annual Budget

Salaries
   Joe Stockclerk  20,000
   Mary Sue Billing 35,000

Benefits  7,500

Packing Supplies  15,000

Telephone  300

Total Operating Budget  77,800 (A)

Cost of Goods to be Sold  750,000 (B)

Total Costs  827,800

Markup % (A/B)  10.4%

Prior Year Surplus  47,000

Calculation of Acceptable Surplus Balance:

   Annual Expenses  827,800
   90 days Expense  206,950

Since $206,950 is greater than $47,000, no adjustment for prior year surplus is necessary.

*NOTE: This is an example meant for illustrative purposes only. It is meant to give examples of possible costs and billing units. Each service center is unique and should include all appropriate costs related to its particular service and should choose a billing unit that is appropriate for the services being provided.