

## 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	<u>300</u>	
Total Operating Budget	77,800	(A)
Cost of Goods to be Sold	<u>750,000</u>	(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.