



WEEK 30

ASSIGNMENT PACKET

This week we will be exploring merchandising businesses (otherwise known as retailers). You will be using some of your creativity from ENTR first semester to create a business plan for a merchandising business in Google Slides ... and then preparing an income statement for that business in Google Sheets.

You should have access to both Google Slides and Sheets on your Chromebook ... and these apps are also free for download on your phones.

Please reach out to me with questions!

Merchandising Business Plan

We are going to start learning about accounting for merchandising businesses. So, what exactly is a merchandising business? Merchandising businesses sell products that other businesses manufacture.

Manufacturer: Nike
Merchandising Business: Finish Line

Manufacturer: Ralph Lauren
Merchandising Business: Macy's

ASSIGNMENT: Please prepare a business plan in Google Slides for a merchandising business of your own. Be creative! Please prepare a plan for a different business than you did last semester.

Here are the slides that you will need to prepare:

1. Description of Business (name, slogan, brief description of your store)
2. Target Market (who you are selling to; be specific)
3. Competition (who do you compete with)
4. Competitive Advantage (what makes you unique)
5. Place – Location (where in Cincinnati is it located and why) and Layout (what does the store look like)
6. Promotion (how will you advertise your store and bring in customers)
7. Product – Inventory (what types of products do you sell; be specific)
8. Price – Cost (on average, how much do your products cost you to buy) and Selling Price (on average, how much do you sell them for)
9. Managing Inventory (how will you keep track of the inventory in your store)
10. Sales Forecast (in a typical month, assume you sell 1000 of your products; also assume that you have 5 products returned each month by customers ... put together a rough sales forecast that looks like the chart below)

Auto and home supply stores
Building materials and supply stores
Clothing stores
Florists
Furniture stores
Gift, novelty, and souvenir stores
Grocery stores
Hardware stores
Jewelry stores
Retail bakeries
Shoe stores
Sporting goods and bicycle stores

Sales (1000 x average selling price per item)

Less: Sales Returns and Allowances (5 x average selling price per item)

Net Sales (Sales MINUS Sales Returns and Allowances)

Cost of Merchandise Sold (1000 x average cost per item)

Gross Profit (Net Sales MINUS Cost of Merchandise Sold)

Income Statement for YOUR Merchandising Business

Prepare an income statement for your merchandising business (from the Google Slides business plan) using Google Sheets; use the layout below. See my tips below to help you come up with the numbers.

	A	B	C	D	E
1		YOUR COMPANY			
2		Income Statement			
3		For the Month Ended March 2020			
4					
5	Revenue from sales:				
6	Sales			\$ 10,000.00	
7	Less: Sales returns and allowances	\$ 500.00			
8	Less: Sales discounts	100.00		600.00	
9	Net sales				\$ 9,400.00
10	Cost of merchandise sold				2,350.00
11	Gross Profit				\$ 7,050.00
12					
13	Operating expenses:				
14	Advertising expense	\$ 500.00			
15	Depreciation expense	100.00			
16	Insurance expense	50.00			
17	Rent expense	1,000.00			
18	Supplies expense	150.00			
19	Wages expense	1,000.00			
20	Total operating expenses				\$ 2,800.00
21					
22	Net income				\$ 4,250.00
23					

Revenue from sales:

- Use the same assumption for the sales price for an average item in your store that you used in the business plan.
- This time, assume you sell 2500 items in the month.
- Assume you have 10 items returned.
- Assume you give a 1% discount to customers on all items sold.
- For cost of merchandise sold, use the same average cost per item that you used in the business plan.

Operating expenses:

- You can use my estimates for each of your operating expenses, or make adjustments as you see necessary (these numbers make sense for a very small business, but may not for a larger business ... or a fancy one with lots of expenses).

Share your completed spreadsheet. MAKE SURE YOU USE FORMULAS IN THE SPREADSHEET.