*Birchem Company sells electric razors. The purchasing department manager prepared the following inventory purchases budget. Birchems policy is to maintain an ending inventory as 10% of the following months cost of goods sold. Octobers budgeted cost of goods sold is $85,000.*

 *July August September*

*Budgeted cost of goods sold…………. .$70,000………….. $74,000………………. $80,000*

*Desired ending inventory………………. 7,400 \_\_\_\_\_\_ \_\_\_\_\_\_*

*Inventory needed………………………… 77,400*

*Beginning inventory……………………. 18,000*

*Required purchases 59,400*

*Required*

1. *Budget cost of goods sold for the next two months.*
2. *Purchases required.*