

Edexcel GCSE - Business (9-1) worksheet

1.3.2 Business revenues costs and profits

	Explain the term	Write the formula	Have a go at the example
Revenue			
Fixed costs		x	x

Variable costs

x

x

Total costs

Profit			
Interest			

Break-even			
Margin of Safety			

Break-even graphs

Number of sales (units)	Total revenue (£) (sales x £180)	Fixed costs (£)	Variable costs (£) (sales x £120)	Total Costs (£) Variable costs Plus Fixed costs
50	9000	12000	6000	18000
100		12000		
150		12000		
200				
250				
300				

£

60,000

50,000

40,000

30,000

20,000

10,000

0

50

100

150

200

250

300

Quantity



Which **one** of the following is an example of a variable cost?

Select **one** answer:

(1)

- A Rent
- B Raw materials
- C Insurance
- D Advertising

Using the information below calculate the total costs for the business. You are advised to show your workings.

Number of units sold: 240

Fixed costs: £1 100

Variable costs per unit: 45 pence

(2)

£

Write your answers in the spaces provided.

Neil and Sue Chatterton own and run *Meringue* bakery and cafe. This is located close to a town centre and has lots of passing trade. *Meringue* produces high-quality bread and pastries using traditional methods and high-quality ingredients. Since opening 12 months ago sales have grown strongly. At busy times a queue builds up at the counter as customers wait to pay. Online reviews indicate that this is something that needs to improve.



Figure 1

Neil and Sue are now planning to make greater use of technology to promote the business, and to reduce the time that customers have to wait to pay their bills.

The website has been redesigned to allow customers to order their food before they arrive at the cafe. A contactless payment system will allow customers to pay securely by tapping their smart phones on a reader.

Figure 2 shows a TripAdvisor® review for *Meringue*:



borrowedtheboots
derbyshire

Level 5 Contributor

57 reviews

27 restaurant reviews

46 helpful votes

“Very good but.....”

Reviewed 21 October 2013

Excellent food and very friendly staff. This was our first visit and we were made to feel very welcome. Our only complaint, and the reason why we didn't award 5 stars, is due to the time it took to pay for our food when we had finished. Long queue and only one till! Took us 20 minutes...

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Helpful?

Thank borrowedtheboots

Report

Figure 2

The cost of the contactless payment system is £4 500. Neil and Sue plan to borrow the money from their bank. They will repay the loan over three years. Their monthly repayment is £136.50.

(b) Calculate the total interest Neil and Sue will pay for this loan as a percentage of the total amount borrowed. You are advised to show your workings.

(2)

.....%

Neil and Sue have produced the following break even diagram, showing the costs and revenue for their business.

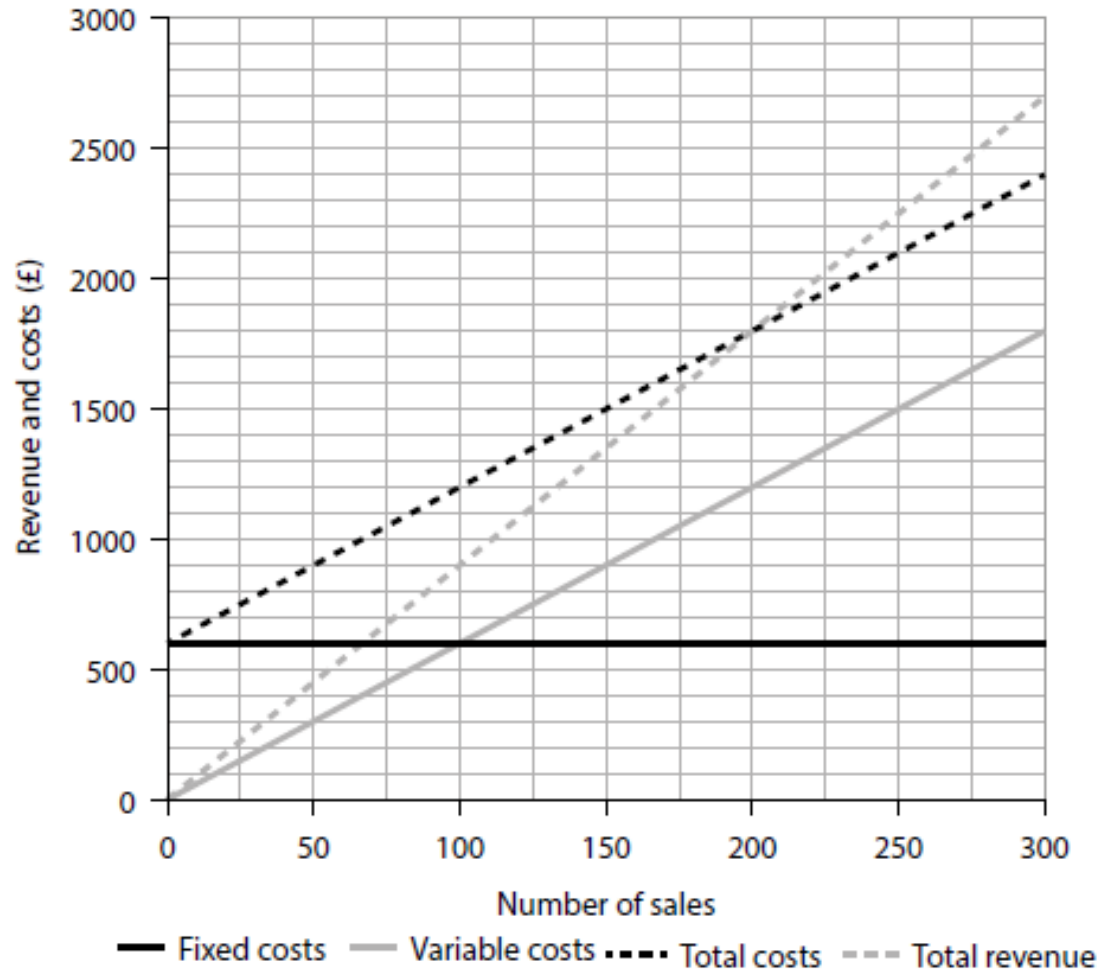


Figure 3

(a) Identify the total number of sales that Neil and Sue will need to break even.

(1)

(b) Identify the profit made by *Meringue*, by shading the correct region of the graph in Figure 3.

(1)

(c) State one benefit to *Meringue* of having a low break even level of output.

(1)
