

Had a Go

Nearly There

Nailed it!

BTEC First

Unit 2

Finance for Business

Workbook 2

Profits and Breakeven

Name: _____



Had a Go



Nearly There



Nailed it!

Profit and Loss

What is Profit?

What is Loss?

$$\text{Profit} = \underline{\hspace{4cm}} - \text{Expenditure}$$

Overheads	Fixed Costs	Operating Costs	Revenue
Variable Costs	Total Costs	Start up Costs	Running Costs

Last month, Dave made £20,000 from sales and spent £15,000 in expenditure. Calculate the Profit/Loss figure for his business

Profit/Loss = _____

In November Daves sales dropped to only £10,000 and his expenditure stayed the same. Calculate the Profit/loss Figure for his business

Profit/Loss = _____

Explain 2 ways Dave can try to correct this situation (4 Marks)

Dragonfly Ltd is a Chinese takeaway. Their monthly revenue is around £10,000 and their expenditure is averages at £8,800. Calculate their profit/loss Figure.

Profit/Loss = _____

Had a Go

Nearly There

Nailed it!

If Dragonfly Ltd wanted to increase their profits. Describe how they can do this. (4 Marks)

Help:	it can reduce....	It can increase....	The higher their....
-------	-------------------	---------------------	----------------------

Break Even

State the purpose of a break even chart.

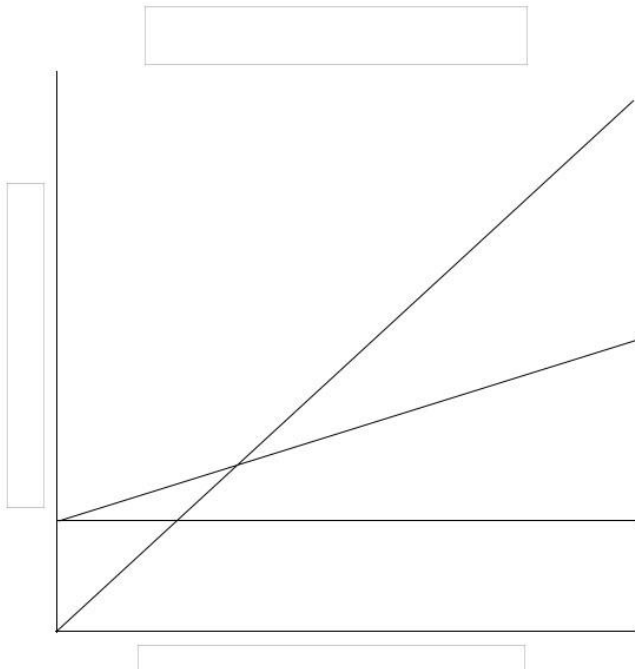
Break Even point shows.....

Hayley has started to draw a break even chart and forgotten how to label it. Using the terms below label the break even chart.

Had a Go

Nearly There

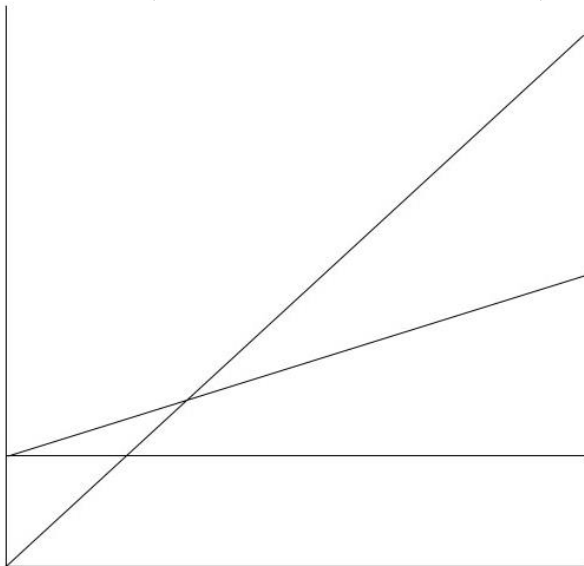
Nailed it!



- Fixed Costs
- Total Costs
- Total Revenue
- Break Even Chart
- Units
- Costs and Revenue (£)

What two costs make up the Total Costs line on a break even chart?

1. _____
2. _____



Identify the area of profit on the break even chart, by shading the area.

Identify the break even point of the break even chart.

Formulas you need to draw a break even chart:

$$\text{Total Costs} = \text{Fixed costs} + \text{Variable Costs}$$

$$\text{Variable Costs} = \text{Costs for one unit} \times \text{Number of Units}$$

$$\text{Revenue} = \text{Number of Sales} \times \text{Price per unit}$$

Kelly is working on business plan for her florist Business. She has decided to make a break even chart to help her identify how many products she needs to sell. She is going to sell her bouquets for £20. She has estimated that she will sell 100 per month. Her variable costs per bouquet are £4 and her fixed costs are £400 per month.

Use this information to draw a break even chart for her business. Use the chart paper provided. Remember your axis need to be equally spaced.

Had a Go

Nearly There

Nailed it!

Jamie has been selling t-shirts for a while now and is starting to wonder if he is making a profit. He sells his t-shirts for £12. They cost £6 to make and his fixed costs are £300 per week. He is selling 40 per week. Draw a break even chart for his business. Using the chart paper provided.

Using Jamie's Break even chart identify how much profit/loss Jamie is making per week.

What can Jamie do to improve his current profit/loss situation



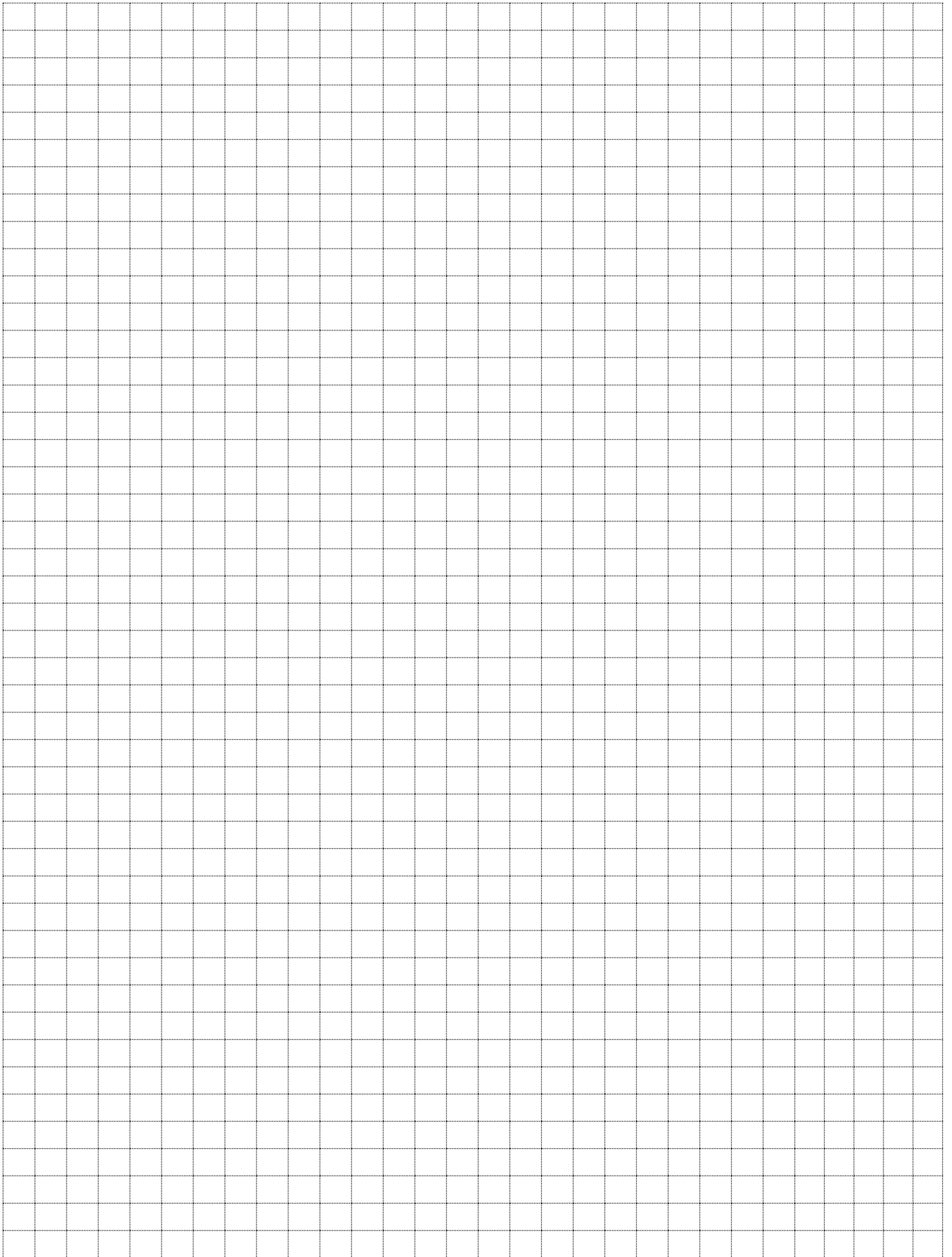
Had a Go



Nearly There



Nailed it!





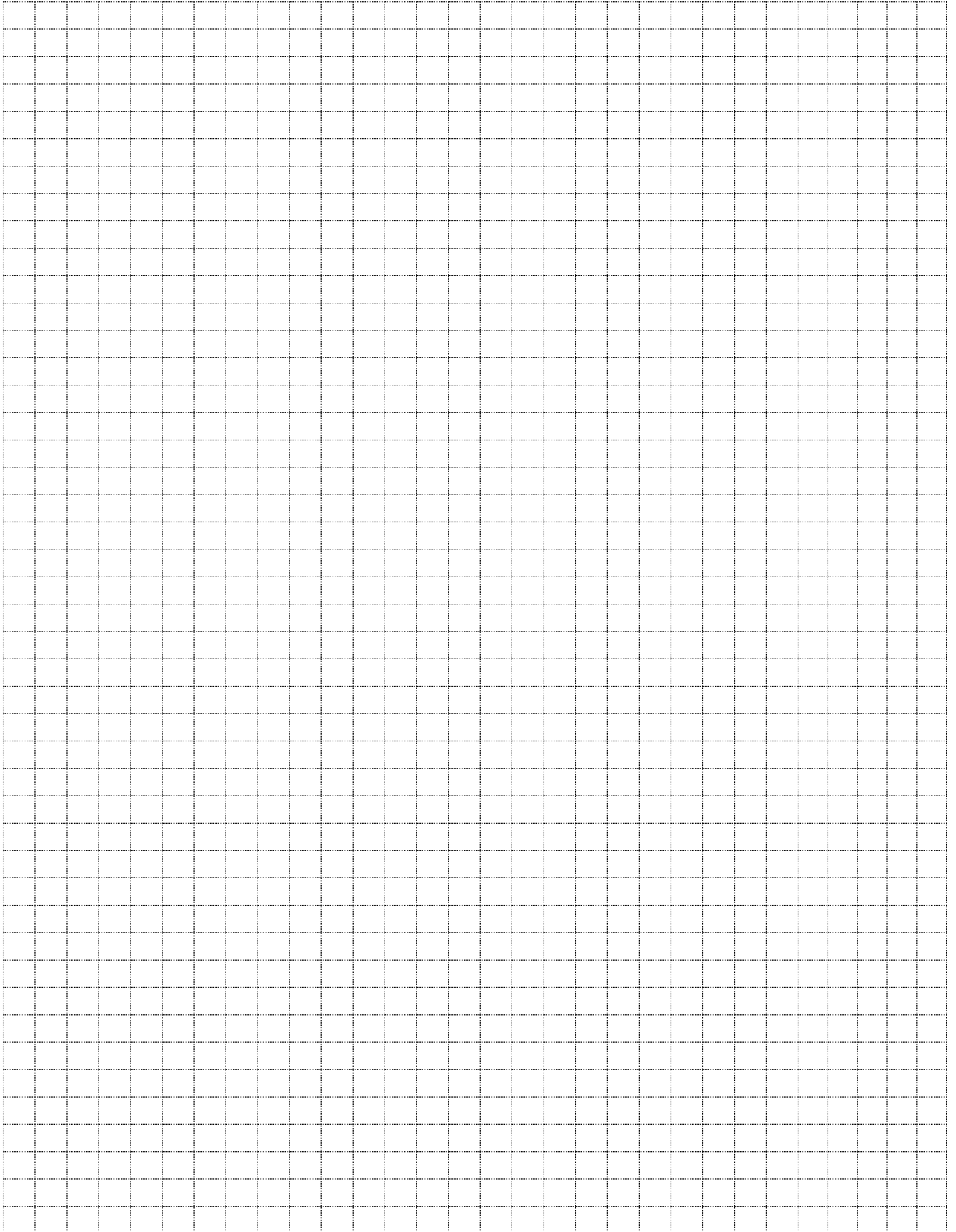
Had a Go



Nearly There



Nailed it!





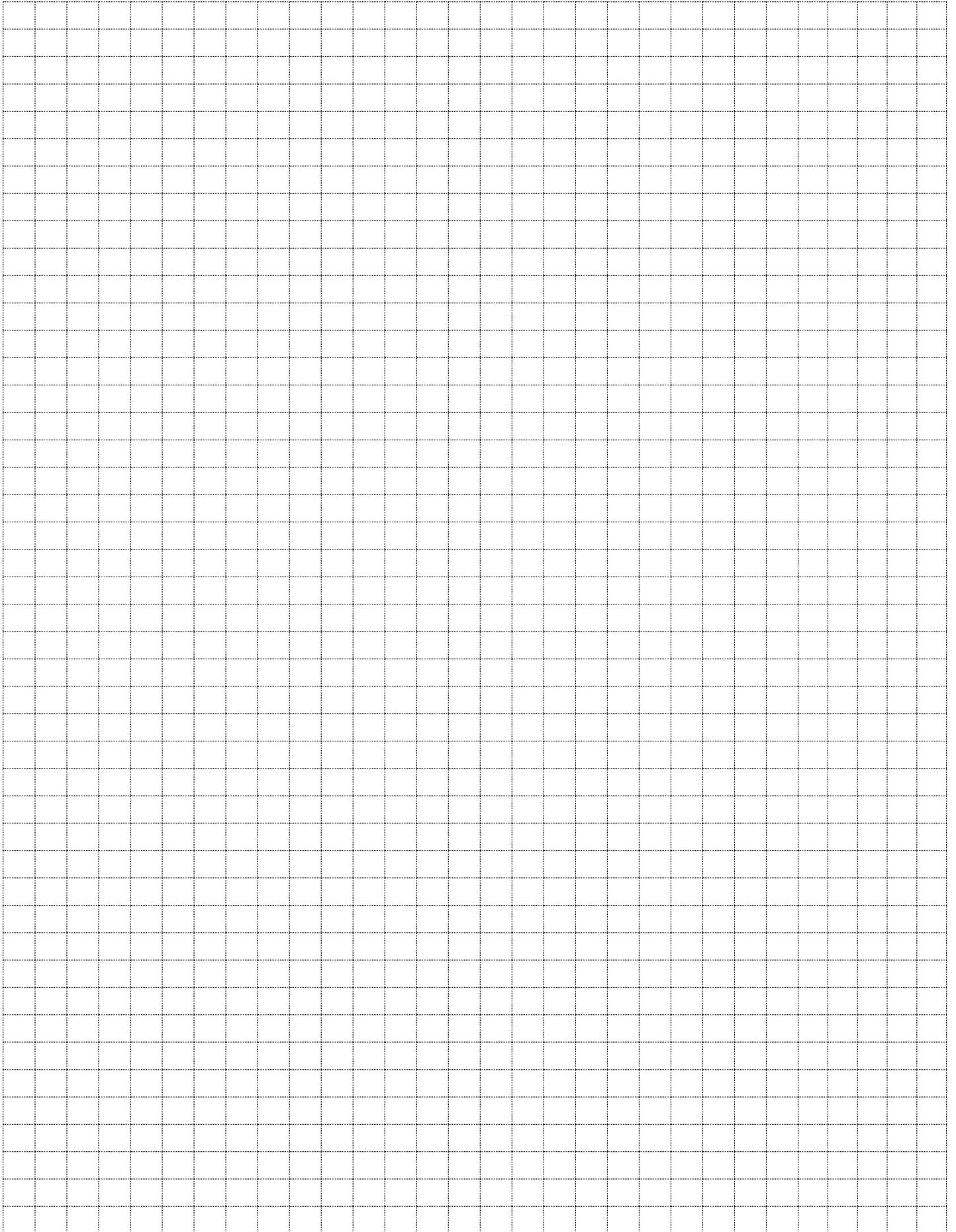
Had a Go



Nearly There



Nailed it!





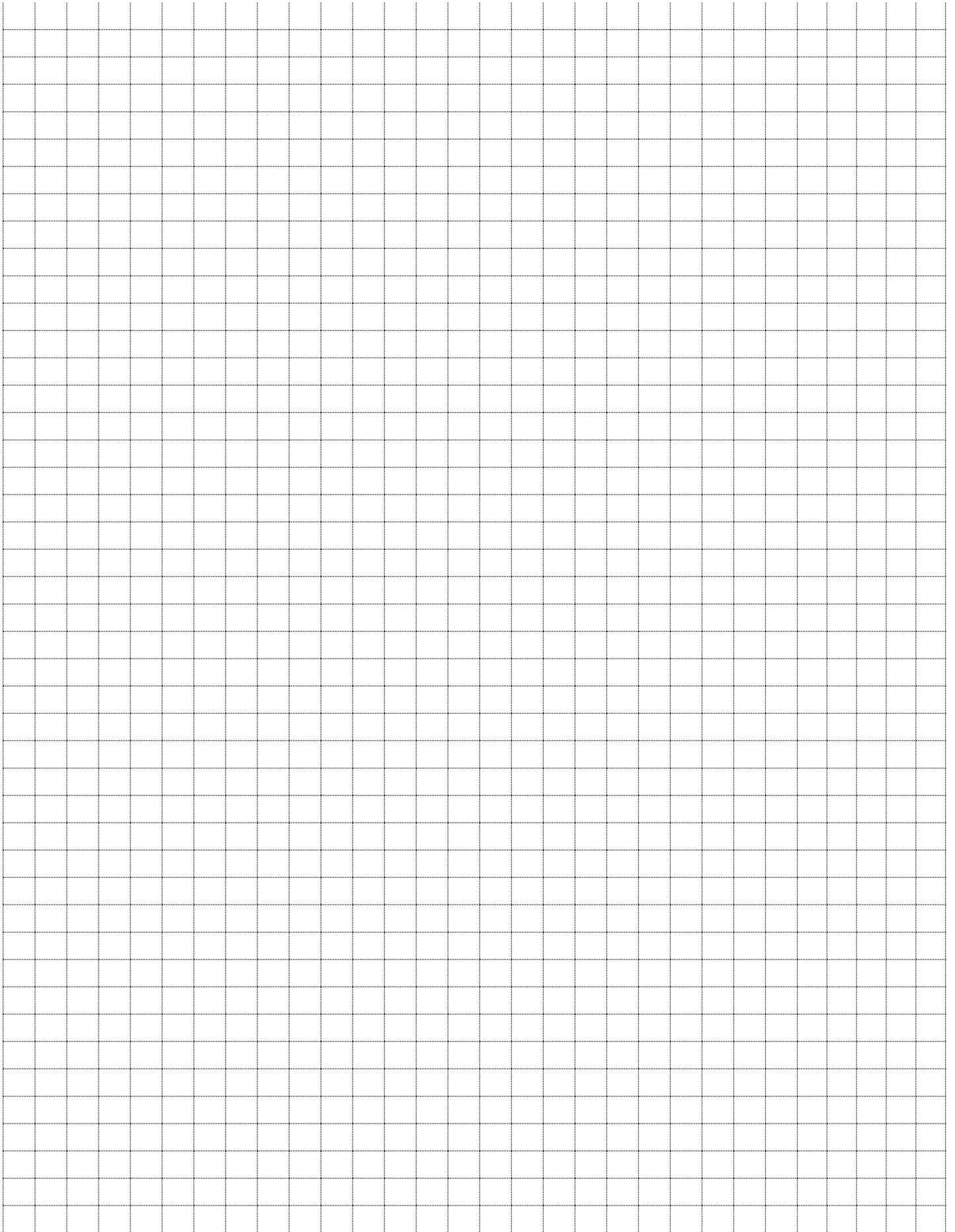
Had a Go



Nearly There



Nailed it!





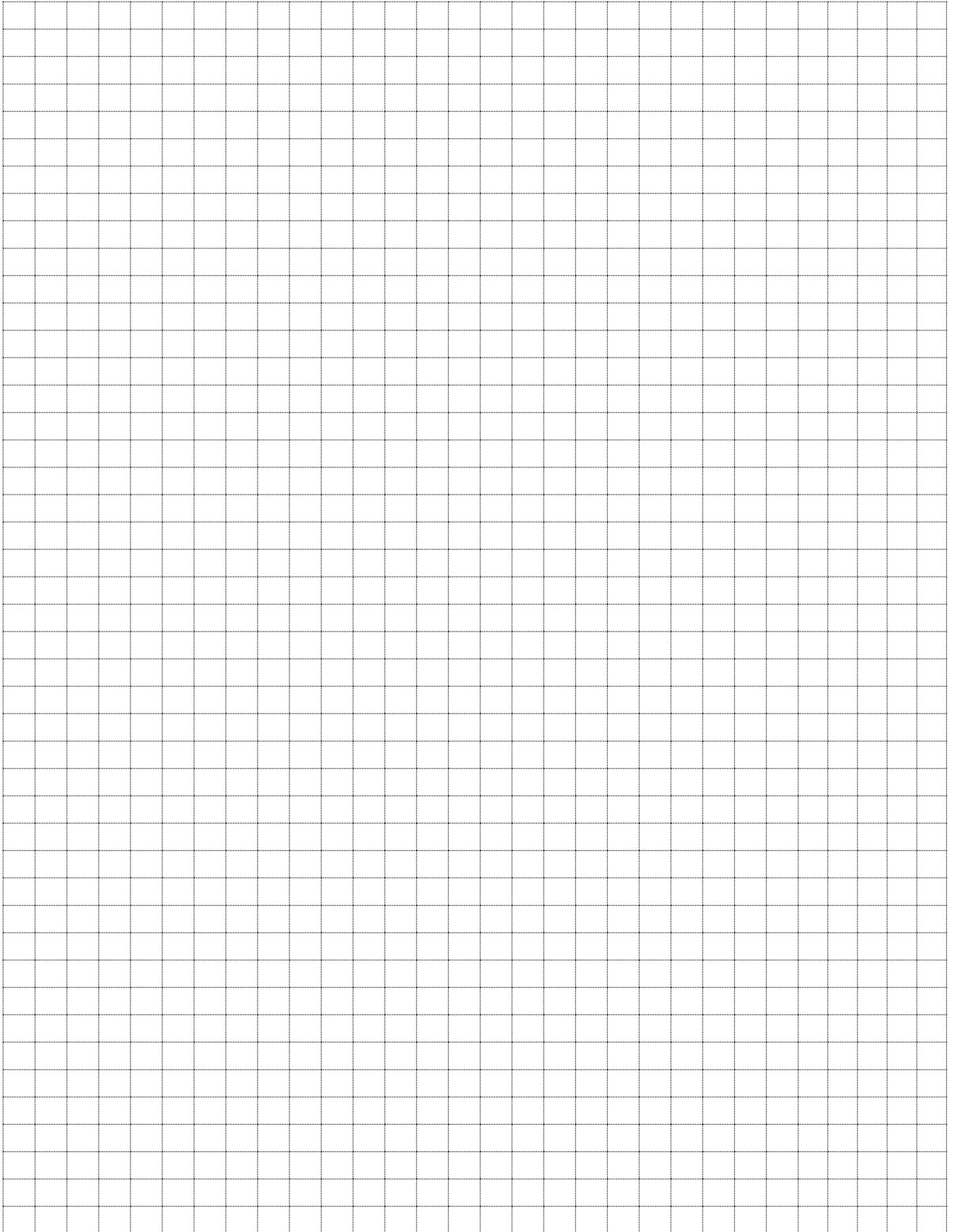
Had a Go



Nearly There



Nailed it!





Had a Go



Nearly There



Nailed it!

