

Calculating total costs

1

(a) Complete the following formula to show how the variable cost figure is calculated using **one** of the choices from the box below. (1 mark)

Variable costs = × Number of units produced

Cost of one unit	Sales revenue
Fixed costs	Cost of ten units

(b) If one unit costs £5 and 50 units are produced, calculate the total variable cost. (1 mark)

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Guided

2

Complete the formula below for total costs by choosing the correct words and inserting them in the right place. (1 mark)

Start-up costs	Fixed costs	Running costs	Variable costs
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Total costs = + Variable costs

3 A business has the following monthly costs.

Fixed costs	£400
Variable costs	£10 per item

(a) What are the variable costs if they make 100 items? (1 mark)

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(b) What is the fixed cost if they make 100 items? (1 mark)

Think about the definition of fixed costs before you answer this question and the next!

(c) What are their total costs if they increase production to 200 items a month? (1 mark)

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