

# Operating (running) costs

1 Lisa runs a business producing and marketing children's clothing.

Identify **two** start-up costs and **two** running costs that Lisa has from the box below. Place the words in the correct column of the table. (2 marks)

Start-up costs	Running costs
Sewing Machine	Thread
Shelves/rails for stock	Electricity

Shelves/rails for storing stock	Sewing machine
Thread	Electricity

**Guided**

2 George runs a taxi business.

Suggest **three** running costs he might have. (3 marks)

- 1 Petrol/diesel
- 2 Staff wages
- 3 ~~Rent~~ car servicing
- Rent / utilities

Think about the costs involved in running a car before you answer.

3 Mohammed wants to start a business selling second-hand books, computer games, DVDs and CDs from a market stall. He does not know the difference between start-up and running costs.

(a) Which **two** of the following would be examples of his running costs? Put a cross in the box next to the correct statement. (2 marks)

- A  Buying items to resell
- B  Paying to have a market pitch for a year
- C  Buying a safe to keep cash overnight
- D  Paying his brother to help out on a Saturday
- E  Paying for boxes to display his stock

(b) Outline what is meant by the term 'running costs'. (1 mark)

Costs that occur again & again when you are operating a business