

Calculating Profit/Loss

Profit occurs when revenue is more than costs. A loss occurs when revenue is lower than your costs.

$$\text{Profit/Loss} = \text{revenue} - \text{costs}$$

1. Narinder owns a fancy dress shop and sells and hires out her costumes. Which **one** of the following figures must she subtract from her revenue to calculate her profit or loss?
 Put a cross (X) next to the correct item(s).

Fixed costs	
Expenditure	X
Variable costs	
Income	

2. Narinder opened her shop two years ago.
- i) In her first year, her revenue was £25,000 and her expenditure was £28,000. Calculate the profit or loss she made.

$$£25,000 - £28,000 = -£3,000 \text{ loss}$$

- ii) This year, her revenue was £35,000 and her expenditure was £20,000. Calculate her profit or loss.

$$£35,000 - £20,000 = £15,000 \text{ profit.}$$

3. Narinder wants to increase her profits next year.

Put a cross (X) next to the **three** actions which are most likely to help her succeed. These actions should increase her revenue, rather than her expenditure.

Advertising in newspapers and magazines	
Employing more staff	
Increasing her stock of outfits	
Changing to a cheaper electricity supplier	X
Opening another shop	
Finding cheaper suppliers	X
Selling online as well as in the shop	X