



## Answers to example Total Costs calculations on Page 3

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Fixed Costs (FC) | Number of units | Variable Cost per unit (VC) | Total Variable Cost (TVC) | Total Cost (TC) |
| £3,000 | 11415 units | £1.25 | £14,268.75 | £17,268.75 |
| £259 | 7201 units | £6.06 | £43,638.06 | £43,897.06 |
| £80,000 | 19 units | £11,212 | £213,028.00 | £293,028.00 |

## Answers to example Total Revenue calculations on Page 4

|  |  |  |
| --- | --- | --- |
| Quantity sold | Price sold at | Total revenue |
| 11415 | £3.99 | £45,545.85 |
| 7201 | £11.25 | £81,011.25 |
| 19 | £39,000 | £741,000 |

## Answers to example basic profit calculations on page 5

|  |  |  |
| --- | --- | --- |
| Total Revenue (TR) | Total Costs (TC) | Profit |
| £45,545.85 | £17,268.75 | £28,277.10 |
| £81,011.25 | £43,897.06 | £371,14.19 |
| £741,000 | £293,028.00 | £447,972 |

## Answers to example Gross Profit (GP) calculations on page 6

|  |  |  |
| --- | --- | --- |
| Total Revenue (TR) | Cost of Sales | Gross Profit |
| £45,545.85 | £13,995 | £31,550.85 |
| £81,011.25 | £41,250 | £39,761.25 |
| £741,000 | £270,132 | £470,868 |

## Answers to example Operating Profit (OP) calculations on Page 7

|  |  |  |
| --- | --- | --- |
| Gross Profit (GP) | Expenses | Operating Profit (OP) |
| £31,550.85 | £2016 | £29,534.85 |
| £39,761.25 | £4995 | £34,766.25 |
| £470,868 | £15,260 | £455,608 |

## Answers to example Net Profit (NP) calculations on Page 8

|  |  |  |
| --- | --- | --- |
| Operating Profit (OP) | Tax and interest | Net Profit (NP) |
| £29,534.85 | £5,800 | £23,734.85 |
| £34,766.25 | £6,953 | £27,813.25 |
| £455,608 | £91,216 | £364,392 |

## Answer to practice question 1 “Chokkies” on page 9

|  |  |  |
| --- | --- | --- |
| Sales  Quantity  units | Selling Price | Sales Revenue |
| 12,000 | £4.99 | £59,880 |
| Sales Quantity  units | Variable Cost per brownie | Total Variable Cost |
| 12,000 | £2.25 | £27,000 |
| Fixed Costs | Total Variable Costs | Total Costs |
| £6,000 | £27,000 | £33,000 |
| Sales Revenue | Total Costs | Profit |
| £59,880 | £33,000 | £26,880 |

## Answer to practice question 2 “Trekkies” on page 10

|  |  |  |
| --- | --- | --- |
|  | 2024 | 2025 |
| Gross Profit (GP) | £576,700 | £642,400 |
| Expenses | £5,613 | £9,118 |
| Tax and interest | £228,434 | £253,312 |
| Operating Profit (OP) | £571,087 | £633,282 |
| Net Profit (NP) | £342,653 | £379,970 |



## Answer to practice question 3 “Peachbar” on page 11

**Profit for summer**

* FC= £1,800 x 6 weeks = £10,800
* Number of customers = 120 x 6 weeks = 720 customers
* VC per customer is £10
* TVC = £10 x 720 customers = £7,200
* TC = 10,800 + £7,200 = £18,000
* SR = £54 x 720 = £38,880
* P = £38,880 – £18,000 = £20,880

**Profit for winter**

* FC = £1,800 x 6 weeks = £10,800
* Number of customers = 85 x 6 weeks = 510 customers
* VC per customer is £8
* TVC = £8 x 510 customers = £4,080
* TC = 10,800 + £4,080 = £14,880
* SR = £51 x 510 = £26,010
* P = £26,010 – £14,880 = £11,130

## Answer to practice question 4 “Griffin Aviation” on page 12

1. GP = SR-COS = £10.4m – £2.2m = £8.2m
2. OP= GP – expenses = £8.2m – £350,000 = £7,850,000
3. NP = OP – Tax and interest = £7,850,000 – £4,400,000 = £3,450,000

## Answer to practice question 5 “Rollers” on page 13

Conclusions from the data table

2020 the shops would have been closed from March 2020 due to COVID. They would have opened again in June 2020 with some restrictions on social distancing and many of their customers would be staying home. Rollers PLC made a loss in 2020 due to the Pandemic. Sales would have been significantly lower as a result. Rollers PLC would have had to borrow heavily to stay in business.

## Answer to practice question 6 “Beeopoly” on page 14

1. SR = Q x P = 80 beehives sold x £750 = £60,000
2. TC = FC + VC = £8,000 + (£250 x 80) £20,000 = £28,000
3. P = SR – TC = £60,000 - £28,000 = £32,000

## Answer to practice question 7 “Banshee Media” on page 15

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Q1 | Q2 | Q3 | Q4 |
| Total Revenue (TR) | £1,000,000 | £1,250,000 | £1,500,000 | £1,750,000 |
| Cost of Sales (COS) | £400,000 | £600,000 | £750,000 | £825,000 |
| Gross Profit  (GP) | £600,000 | £650,000 | £750,000 | £925,000 |

## Answer to practice question 8 “Purple People” on page 16

Gross Profit (GP)= SR – COS = £120,000 - £30,000 = £90,000

Operating Profit (OP) = GP – Expenses = £90,000 - £50,000 = £40,000