



Revisionstation

Profit

Profit calculations



Tricky Topics
REVISIONSTATION

Answers



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

- GP = SR-COS = £10.4m – £2.2m = £8.2m**
- OP = GP – expenses = £8.2m – £350,000 = £7,850,000**
- 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

- a) $SR = Q \times P = 80 \text{ beehives sold} \times \text{£}750 = \text{£}60,000$
- b) $TC = FC + VC = \text{£}8,000 + (\text{£}250 \times 80) \text{ £}20,000 = \text{£}28,000$
- c) $P = SR - TC = \text{£}60,000 - \text{£}28,000 = \text{£}32,000$

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

$$\text{Gross Profit (GP)} = SR - COS = \text{£}120,000 - \text{£}30,000 = \text{£}90,000$$

$$\text{Operating Profit (OP)} = GP - \text{Expenses} = \text{£}90,000 - \text{£}50,000 = \text{£}40,000$$