**Topic 3.2 How to Improve Profit: Starter Activity**



1. **Calculate the fixed, variable and total costs for a taxi business:**

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| **Cost:** | **£ Per Month:** | **Fixed or Variable:** |
| Salaries | £5,000 |  |
| Fuel | £500 |  |
| Raw Materials | £4,000 |  |
| Rent and Rates | £2,000 |  |
| Insurance | £1,000 |  |

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| **Fixed Cost:** |  |
| **Variable Cost:** |  |
| **Total Cost:** |  |

1. **Calculate the profit or loss made by the business:**

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| **Business** | **Selling Price:** | **Sales Volume:** | **Total Revenue:** | **Variable Cost:** | **Fixed Cost:** | **Total Cost:** | **Profit/Loss:** |
| **1** | **£500** | **10** |  | **£500** | **£1000** |  |  |
| **2** | **£400** |  | **£4000** | **£400** | **£1000** |  |  |
| **3** |  | **10** | **£1000** | **£400** | **£1000** |  |  |
| **4** | **£800** | **20** |  | **£600** |  | **£1600** |  |
| **5** |  | **50** | **£2000** |  | **£1000** | **£2000** |  |

1. **What is the formula for ‘Total Cost’?**

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1. **What is the formula for ‘Revenue’?**

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1. **What is the formula for ‘Variable Cost’?**

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1. **What is the formula for ‘Profit’?**

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