**Topic 3.3 Break Even: Starter Activity**



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| **Elements:** | **Formula:** |
| **Profit** | **Revenue – Total Cost** |
| **Revenue** | **Selling Price x Quantity** |
| **Total Cost** | **Fixed Cost + Variable Cost** |
| **Variable Costs** | **Cost per Unit x Quantity** |

1. **Calculate the revenue, total cost and profit for a business that makes chocolate:**

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| **Variable:** | **Value:** |
| **Quantity/ Units** | **5,000** |
| **Selling Price** | **£5** |
| **Electricity Cost** | **£1,000** |
| **Rent Cost** | **£300** |
| **Wages Cost** | **£600** |
| **Insurance Cost** | **£900** |
| **Cocoa per unit** | **£1** |
| **Sugar per unit** | **£0.80** |
| **Milk per unit** | **£0.70** |

1. **Calculate the revenue, total cost and profit for a business that makes chocolate:**

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| **Variable:** | **Value:** |
| **Quantity/ Units** | **1,000** |
| **Selling Price** | **£12** |
| **Electricity Cost** | **£700** |
| **Rent Cost** | **£300** |
| **Wages Cost** | **£200** |
| **Insurance Cost** | **£400** |
| **Cocoa per unit** | **£1.10** |
| **Sugar per unit** | **£0.80** |
| **Milk per unit** | **£1.50** |

1. **What is the impact on profit if a business increases its prices?**

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