**Topic 3.3 Estimating Revenues, Costs and Profits: Starter Activity**



Read the following key terms then answer the questions below:

|  |  |
| --- | --- |
| **Key Term:** | **Description:** |
| **Revenue/ Sales Revenue or Turnover or Sales Turnover** | The amount of income received from selling goods or services over a period of time. |
| **Sales Volume** | The number of items or products or services sold by a business over a period of time. |
| **Fixed Costs** | Costs which do not vary with the output produced such as rent, business rates, advertising costs, administration costs and salaries. |
| **Total Costs** | All the costs of a business; it is equal to fixed costs plus variable costs. |
| **Variable Costs** | Costs which change directly with the number of products made by a business such as the cost of buying raw materials. |

Tick the relevant box for the variables on the left hand side for a chocolate factory.

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| --- | --- | --- | --- |
| **Variables:** | **Revenue:** | **Fixed Cost:** | **Variable Cost:** |
| Rent |  |  |  |
| Selling 500kg to a local wholesaler |  |  |  |
| Wages paid for overtime due to high demand |  |  |  |
| Cocoa |  |  |  |
| Phone |  |  |  |
| Milk |  |  |  |
| Selling 1,000kg to Sainsbury’s |  |  |  |
| Wages of permanent workers |  |  |  |
| Advertising |  |  |  |
| Insurance |  |  |  |
| Sugar |  |  |  |