Sam’s Sandwiches

Sam sells a range of sandwiches, cakes and drinks on Leeds Road in Tadcaster

At the end of the 2011 he has sold the following amounts calculate revenue (5 marks)

**Sales / Revenue** is just the amount made from selling a product.

Calculated by

Quantity x Price

Total Sales Revenue calculated by

Adding together Sales Revenue for each item

 Quantity Price Revenue

Sandwiches 30 000 £3 =

Cakes 50 000 £1 =

Drinks 10 000 £1.50 =

 Total Sales Revenue =

The cost of his raw materials to sell his products, calculate costs (5 marks)

 Quantity Costs Price Total Cost

Sandwiches 30 000 £1.50 =

Cakes 50 000 £0.25 =

**Gross Profit** is just taking the total costs / raw materials away from the total sales revenue

Calculated by

Sales Revenue – Cost of Sales = £……….

**Gross Profit Margin %** is how much profit he makes for every £1 of sales. So if Gross profit is 60%, he makes 60p profit for every £1 of sales.

Calculated by

Gross Profit divided by Sales x 100 =………%

Drinks 10 000 £0.50 =

 Total Costs =

Calculate the Gross Profit £ =

Calculate the Gross Profit Margin % =

(4 marks)

He also has the following expenses he needs to pay

Expense Cost

Staff £40 000

Rent £5 000

Electricity Bills £3000

Advertising £2000

Calculate the total expenses =

**Net Profit**  is the Gross Profit takeaway all other expenses in the business, the fixed costs

Calculated by

Gross Profit – Expenses = £………..

**Net Profit Margin %** is how much final profit he makes for every £1 of sales. So if net profit is 20%, he makes 20p profit for every £1 of sales.

Calculated by

Net Profit divided by Sales x 100 =………%

Calculate the Net Profit £ =

Calculate the Net Profit % =

(6 marks)

(20 marks on this page for calculations)

**Key facts to remember**

1. Gross Profit and Net Profit are measured in £s
2. Gross Profit Margin and Net Profit Margin are measured in %
3. Gross Profit is always bigger than Net Profit, if it is the other way round it is wrong
4. Net Profit is more relevant than gross profit as it includes all costs of a business
5. Produced a t least once a year by a business
6. **ALWAYS RELATE YOUR ANSWER TO THE CASE STUDY**

**L2 question**

Explain to Sam why his net profit is a better guide to how successful his business compared to gross profit (2marks)

**L3 question**

Using figures from above would you recommend that Sam takes out a new loan for £ 50 000 over 5 years to expand (8marks)

*Must give one argument for the loan and one argument against then your judgement*

Explain why each of these stakeholders would have an interest in Sam’s results (2 marks each)

Stakeholder Explanation

1. Owner
2. Staff
3. Bank
4. Local Community
5. Competition

**Total Marks = 40**

My mark is

Which is a grade

To achieve

A\* = 36

A = 32

B = 28

C = 24

D = 20