**Putting a business idea into practice**





**Extension**

**Select the correct name for each of the following calculations:**

|  |  |
| --- | --- |
| **Your sales as a % of total sales in a market** |  |
| **Selling price x quantity** |  |
| **Fixed costs + variable costs** |  |
| **Total revenue – total costs** |  |
| **A % added on to an initial amount borrowed** |  |
| **Selling price – variable cost per unit** |  |
| **Fixed costs/contribution** |  |
| **Actual output – Break even output** |  |
| **Total inflows – total outflows** |  |
| **Net cash flow + opening balance** |  |
| **Last month’s closing balance** |  |

Contribution

Closing balance

Net cash flow

Market share

Revenue

Total costs

Opening balance

Break-even point

Margin of safety

Profit/loss

Interest

**Super Extension**

Business A sells its products for £2.50. Over the last year it has sold 150,000 products, which each cost 85p to make. The business has fixed costs of £200,000.

Business B sells its products for £300. Over the last year it has sold 20,000 products, which each cost £190 to make. The business has fixed costs of £2,500,000.

1) Which business is more profitable?

2) What is the break-even point for each business?

3) Give two ways in which a business can become more profitable.