

Business Management Sheet



How many Polar Pounds have you spent?

In business, you also need to take into account other costs such as labour (paying your workforce) and overheads such as paying your businesses rent, electric and water bills. We also need to add these in!

Workforce hourly rate per person: 2 Polar Pounds

Rent per day: 7 Polar Pounds

Utility bills per hour: 1 Polar Pound



How many hours will you have worked today?

How many people are there in your company?

What is your total wage bill for today?  
*(This is a fixed cost that doesn't change with the amount of cakes you make)*

Hint: How many people do you need to pay for how many hours?

How much will you need to spend on your utility bills today?  
*(This is a fixed cost)*

Hint: How many hours will you need to pay for?

What is the cost of rent and utility bills for the day?  
*(This is a fixed cost)*

What is the total cost of labour, rent and bills?

What is the total cost of your ingredients for your cake?  
*(This a variable cost because it will vary with the amount of cakes you make)*

How many Polar Pounds have you spent in total?

How much will you sell your dessert for?

Hint: Think about how much each dessert will cost to make

All businesses need to cover all of their costs to survive. This is called breaking even. The amount you need to make to break even can be calculated using the following formula:



$$\text{Break Even} = (\text{Fixed Costs} \div \text{Sales Price per dessert}) - (\text{Variable costs per dessert})$$



Fixed Costs ÷ Sale Price per Dessert =

Variable costs per Dessert =

Break Even =

In Business you would also need to produce more than one item! We would expect you to be able to make 20 in a day. Looking back at your break even point if you make 20 desserts will you make a profit, a lose, or break even?

If you made 20 cakes what would the total revenue be?

Hint:  
Total Revenue = Price x Quantity

If you made 20 cakes what would your total costs be?

Hint:  
Fixed costs + ( variable costs x 20)

If you made 20 cakes what would your profit or loss be?

Hint:  
Total Revenue - Total Costs

As a business you also need to pay tax on any profit you make. You are taxed at 20%.

If you have made a profit, what will your tax bill be?

What would be the profit be per cake?

Hint:  
Calculate Profit ÷ 20

What could you do to increase your profits?

