

Homework: Answer the questions below and be prepared to discuss tomorrow

Zara is considering opening a store on Fordham Road.

Rent for the store is \$20,000 per month.

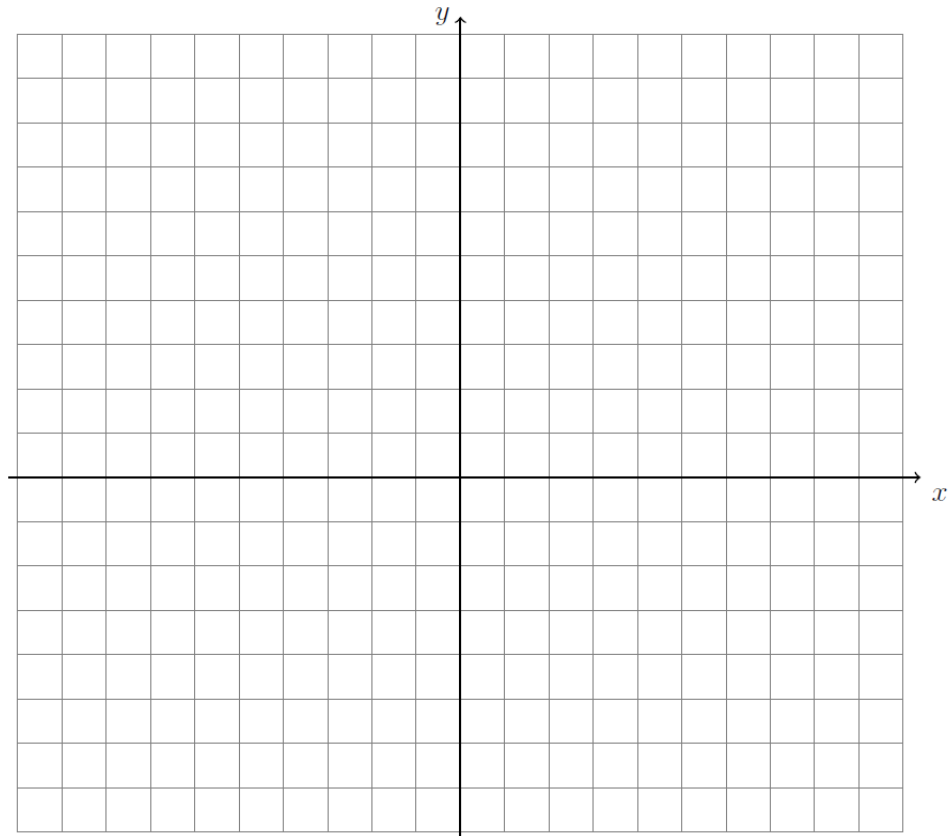
The store will need 5 employees at a minimum – they will earn \$50,000 per year each.

1. How much will the store cost per year to operate?

Most of the clothing sold at the store is sold at twice what it costs to make:

- Shirts that cost \$5 to make are sold at \$10. Gross profit will then be \$5 (\$10 - \$5).
 - Jackets that cost \$25 to make are sold at \$50. Gross profit of \$25 (\$50 - \$25).
 - Shoes that cost \$50 to make are sold at \$100. Gross profit of \$50 (\$100 - \$50).
2. If the store sells \$40,000 of merchandise per week, how much gross profit will the store make per week?
 3. How much gross profit is that per year?
 4. If you subtract the cost of the rent, and the staff, how much profit (operating profit) will Zara make from the store per year?

5. Can you draw a graph of Zara's profit, at different levels of sales?



6. What is the gradient of the graph, and what does it signify?
7. What is the y-intercept, and what does it represent?
8. BONUS: what is the x-intercept, and what does it represent?