**AREC 213**

**Quiz #4**

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Amanda has decided to open a sandwich shop and her friends say the best sandwich she makes is her Swiss Gobbler Turkey sandwich. She has shopped the competition in her area and decided she should charge $4.95 per sandwich. Let’s see how many Swiss Gobbler sandwiches she needs to sell to break even and how many she needs to sell to make $500 net profit each month.

**List of Amanda’s expenses - Sort them into either the Variable Expenses or Fixed Expenses column:**

Turkey per sandwich- $0.60 Mustard - $0.03

Rent per month - $600 Bookkeeper per month- $50

Swiss cheese per sandwich - $0.60 Lettuce - $0.04

Bread per sandwich - $0.05 Owner’s salary per month - $2,000

Telephone per month - $100 Secret sauce - $0.15

Labor to prepare sandwich - $0.53 Paper to wrap sandwich - $0.03

Utilities per month - $150 Tomato - $0.06

Insurance per month - $25

Variable Expenses: Fixed Expenses:

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*Total Variable Expenses* $\_\_\_\_\_\_\_\_\_\_\_\_\_ *Total Fixed Expenses* $\_\_\_\_\_\_\_\_\_\_\_\_\_

(*per sandwich) (per month)*

The **Gross Profit** is the selling price per sandwich minus the variable expenses per sandwich.

What is the selling price of the Swiss Gobbler Turkey Sandwich? (+) $\_\_\_\_\_\_\_\_\_\_\_\_

What are the variable expenses of each sandwich? (-) $\_\_\_\_\_\_\_\_\_\_\_\_

What is the gross profit for each sandwich? (=) $\_\_\_\_\_\_\_\_\_\_\_\_

The Gross Profit represents how much each sandwich “contributes” toward fixed expenses and profits. Every time Amanda sells a sandwich, how much is it contributing toward paying her fixed expenses? $\_\_\_\_\_\_\_\_\_\_\_\_

What are Amanda’s total fixed expenses per month? $\_\_\_\_\_\_\_\_\_\_\_\_ per month

What is the gross profit that contributes to that monthly expense? $\_\_\_\_\_\_\_\_\_\_\_\_per sandwich

How many Swiss Gobbler Sandwiches does Amanda need to sell every month to pay her monthly expenses?

\_\_\_\_\_\_\_\_\_\_\_\_ sandwiches

(Fixed Expenses divided by Gross Profit = number of sandwiches she needs to sell

to break even.)

How many additional sandwiches does Amanda need to sell every month to make $500 Net Profit? \_\_\_\_\_\_\_\_\_\_\_\_

(Net Profit divided by Gross Profit = number of additional sandwiches

she needs to sell to make her Net Profit goal.)