Answer sheet

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Worksheet 1

**1**

|  |  |  |  |
| --- | --- | --- | --- |
|  | 2019 (SGD 000s) | 2020 (SGD 000s) | Percentage change |
| **Wall and Ruth** | 180 | 170 | −5.56 |
| **My Moves** | 240 | 285 | 18.75 |
| **Property Climb** | 360 | 380 | 5.56 |
| **First Move** | 195 | 180 | −7.69 |

**2 a** Gross profit sales revenue – cost of sales

Operating profit  gross profit – expenses

To calculate the gross profit we multiply ‘sales revenue’ by the gross profit margin:

Gross profit  $1.2m × 0.62  $744 000

Operating profit  gross profit – expenses

Operating profit  $744 000 − $50 400  $693 600

**b** New sales revenue  $1.2m × 1.01  $1 212 000

Gross profit  $1 212 000 × 0.62  $751 440

Operating profit  $751 440 – ($50 400  $5000)

Operating profit  $751 440 – $55 400  $696 040

**3**

|  |  |
| --- | --- |
|  | Current year ($m) |
| Sales revenue | 21.7 |
| Cost of sales | 17.36 |
| Gross profit | 4.34 |
| Gross profit margin | 20 |
| Expenses | 2.14 |
| Operating profit | 2.2 |
| Operating profit margin | 10.1 |

Worksheet 2

**1**  422.58 pairs of jeans

**2** 45,639 × 1.086  49,564 and there are still only 108 workers so labour productivity has now risen to 458.92 pairs of jeans

**3** 108 – 17  now 91 workers, their labour productivity remains 458.92 so total output will now be (91 × 458.92) 41,761 pairs/month.   
Percentage change in output   × 100  –15.74 or a 15.74 decrease

**4** Maximum efficiency occurs at 300 units of output

|  |  |  |
| --- | --- | --- |
| Output (units) | Total cost (£) | Average cost (£) |
| 0 | 200 |  |
| 50 | 230 | 4.60 |
| 100 | 290 | 2.90 |
| 150 | 335 | 2.23 |
| 200 | 360 | 1.80 |
| 250 | 380 | 1.52 |
| 300 | 400 | 1.33 |
| 350 | 480 | 1.37 |
| 400 | 600 | 1.50 |
| 450 | 750 | 1.67 |
| 500 | 1000 | 2.00 |

Worksheet 3

**1 a** Total sales  £15,515

Total costs  £10,841

Net income  £4,674

**b** Edgar will make a loss (his net income will be negative) if he pays the new worker £5,000. He was making a profit of £4,674 so would make a loss of £326 if he did pay a new worker £5,000. However, Edgar would expect that his sales figure would actually increase if there is another person working alongside him in the business.

**c** £4,674

**2 a**

|  |  |
| --- | --- |
| Edgar’s Internet Café P&L Year 2 | |
| Sales £ | |
| Food & beverages | 16,371 |
| Internet access | 3,567 |
| **Other revenue** |  |
| Discounts received | 542 |
| **Total sales** | 20,480 |
|  | |
| Costs £ | |
| Cost of sales | 10,009 |
| Fixed costs | 7,343 |
| Loan interest | 157 |
| Wages | 5,000 |
| **Total costs** | 22,509 |
|  | |
| Net income | −2,029 |

**b** £7,500

**c** Net income will fall by £2,500 (or the level of loss will increase by that amount).

**d** No, he would not because the business will still be making a loss in year 2

**3 a** £13,668

**b** £9,175

**c** year 1  53.76

year 2  48.87

**d** year 1  30.13

year 2  −9.91

**e** total sales increase by 32.00

total costs increase by 107.63

Homework sheet

**1 a** $2,699

**b** –$10,926 (loss)

**c** $221

**2 a** 39.39

**b** −19.31

**3** $391

**4 a** 161.02

**b** −96.86

**c** −91.81

**5** 261,500 AUD

**6** 208,500 AUD

**7** 44.36

**8** 55.64

**9** 54.26

**10** 447,000 AUD