

Checklist

What you should know

By the end of this subtopic, you should be able to:

- define the following terms: (AO1)
 - costs
 - fixed costs
 - variable costs
 - total costs
 - sales revenue
 - expected value
 - contribution
 - cost centre
 - profit centre
 - expected value
- distinguish between fixed costs, variable costs, semi-variable costs, direct costs and indirect costs, using examples (AO2)
- distinguish between revenue and revenue streams, using examples (AO2)
- prepare a decision tree and recommend a course of action for a business based on the results (AO4, AO3)

