

Below are your tasks for the next seven days in the subject listed above.

Present New Information:

- Last week you looked at different methods of segmentation and target marketing, two very important concepts for a business because it enables them to understand their customers needs and therefore design products and services to meet them.
- The focus for this week is costs, revenue and profit. You will need to carefully consider each of these key areas for your business idea. You will need a range of formulas for this lesson which are:

Revenue = selling price x units sold

Profit = revenue – total costs

Total costs = fixed costs + variable costs.

Your calculations will all be based on estimates, you will have to think about how many customers you will have per day. For example, if you plan to launch a business selling pizza slices and expect to sell 100 slices per day, each slice sells for an average of £2.50 your calculation would be:

$£2.50 \times 100 = £250$ revenue per day.

Apply: Complete the tasks on the following slides. Where possible, use lined paper and a biro to complete your answers – ensure you keep this stored with all BTEC work.

Please date your work and title with “Year 10 BTEC Enterprise Week Four” – this will help you to keep your work organised!

Year 10 Enterprise Week Four – Complete All Tasks

Task	Task	Support	How long should I take?
1	<p>Watch the video using the link: https://www.bbc.co.uk/bitesize/guides/zxq2hyc/video Write a definition of revenue, profit, startup costs, running costs, fixed costs and variable costs.</p>	<p>Use an online dictionary to find the meaning of any unfamiliar words.</p>	20 minutes
2	<p>For your business idea you will need to work out expected revenue. To work out your revenue per day, week, month and year. To do this, use the formula: $\text{Revenue} = \text{selling price} \times \text{units sold}.$ Fill the table in with these estimates on slide 3.</p>	<p>Use the link if you aren't sure how to do this. https://www.bbc.co.uk/bitesize/guides/zxq2hyc/revision/1 These are estimates and could change.</p>	30 to 45 minutes
3	<p>The next section will be dedicated to costs. Firstly, make a list of all of your costs. Then categorise them into start up and running costs. Use slide 4 to do this. The formula for total costs is: $\text{Total costs} = \text{Fixed costs} + \text{Variable costs}$</p>	<p>Use the link if you aren't sure how to do this. https://www.bbc.co.uk/bitesize/guides/zxq2hyc/revision/1</p>	30 to 45 minutes
4	<p>Answer the consolidation questions about costs. These should be related to your business idea. Extension task available.</p>	<p>Use the link for additional support: https://www.bbc.co.uk/bitesize/guides/zxq2hyc/revision/1</p>	30 minutes

Task Two

In this section we will start to look at how many products you expect to sell

How many products do you expect to sell per day (Sales Volume):

What is the average price of your product:

$$\text{Revenue} = \text{selling price} \times \text{units sold}$$

How many days a week will you open:

Expected Sales Revenue			
Per Day	Per Week	Per Month	Annual

Task Three

Cost	Expected Amount (£)
Wages	
Electricity/Gas/Water	
Advertising	
Petrol	
Loan repayments	
Total Costs:	

Create a table, the same as the one on the left. There are some example costs for you but you will need to add to this list.

Expected Costs			
Per Day	Per Week	Per Month	Annual

Next, work out your costs per day etc using your estimates.

Task Four

1. Explain the difference between:
 - i. Fixed and variable costs
 - ii. Start-up and running costs
 - iii. Profit and revenue
2. Explain why it is important to calculate costs, revenue and profit
3. Analyse the impact of failing to calculate all of the above.

HINT: think about the problems that might occur if an entrepreneur fails to calculate.

Extension: Explain the limitations of analysing costs, revenue and profit (is the entrepreneur likely to estimate them all correctly?)