

Gone to the Dogs

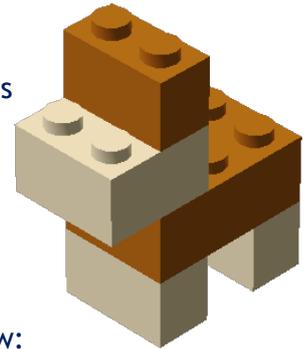
Your group run a business producing Lego® toys. This week you are producing small Lego® dogs. Use the information below to decide how many dogs to produce in order to at least break-even.

- Each member of your group is paid a salary of £300 (even if they don't help to produce)
- Your group must pay £50 per week to rent your desk space
- Each brick that you use costs £0.50
- Each dog must be delivered to customers, at a cost of £2.50
- Customers will buy an unlimited number of dogs, at a price of £30, as long as they are built according to the instructions attached

Each minute of the exercise is one working day, so you will have 5 minutes (one working week) to produce the Lego® dogs.

Your task is to:

- Decide how many dogs you wish to produce in the 5 minutes
- Account for your team's production by completing the tables below:



Fixed Costs		
Salaries	(a) Number of people in group:	
	(b) Salary per person	£300.00
	(c) Total Salary Costs (a x b)	£
Rent		£50.00
Total Fixed Cost (c + rent):		£
Variable Costs		
Raw Materials	(d) Number of dogs produced	
	(e) Lego® pieces per dog	5
	(f) Total Lego® pieces used (d x e)	
	(g) Cost per Lego® piece	£0.50
	(h) Total Raw Material Costs (f x g)	£
Delivery Costs	(i) Delivery cost per dog	£2.50
	(j) Total delivery costs (d x i)	£
Total Variable Costs (h + j)		£
Total Cost		
(total fixed cost + total variable cost)		£

Revenue		
Price per dog		£30.00
Total Revenue (price per dog x d)		£

Profit/Loss		
Total Revenue		£
Total Cost		£
Profit/Loss (total revenue - total cost)		£

LEGO® Dog Building Instructions

