

# Profit or Loss? (Solution)

It's important for a business to understand whether they are making a profit or a loss.

## TASK 1

For each of the scenarios provided below, identify whether the business would be making an **overall** profit or loss, and calculate the value of it.



	SCENARIO	PROFIT OR LOSS PER UNIT?	VALUE OF PROFIT/LOSS
1	A business received total revenue of £879,000 from selling goods that it cost them a total of £690,000 to make.	<b>PROFIT</b>	<b>£189,000</b>
2	A business sold 100 items at a price of £75. The total cost of making the 100 items was £7,800.	<b>LOSS</b>	<b>-£300</b>
3	A business received £150,000 total revenue by selling goods that had cost £30,000 in fixed costs and £130,000 in total variable costs.	<b>LOSS</b>	<b>-£10,000</b>
4	A business incurred fixed costs of £100,000 and total variable costs of £400,000. It sold 170,000 products at a price of £3.50 each.	<b>PROFIT</b>	<b>£95,000</b>
5	A business sold 196 items at a price of £125. The total cost of making the 196 items was £25,000.	<b>LOSS</b>	<b>-£500</b>
6	A business received £8,000 total revenue by selling goods that had cost £3,000 in total variable costs and £1,000 in fixed costs.	<b>PROFIT</b>	<b>£4,000</b>
7	A business sold 25,000 items at a price of £1.99. The total cost of making the 25,000 items was £45,000.	<b>PROFIT</b>	<b>£4,750</b>
8	A business sold 19,452 products at a price of £0.75 each. Their fixed costs were £4,726 and the variable cost per unit was £0.25.	<b>PROFIT</b>	<b>£5,000</b>
9	A business sold 295,000 products at a price of £4.99 each. Their fixed costs were £472,100 and the variable cost per unit was £3.39.	<b>LOSS</b>	<b>-£100</b>
10	A business incurred fixed costs of £379,489 and total variable costs of £1,289,375. It sold 149,500 products at a price of £9.99 each.	<b>LOSS</b>	<b>£175,359</b>

## TASK 2

For each of the scenarios provided below, identify whether the business would be making a profit or loss per unit sold, and calculate the value of it.

	SCENARIO	PROFIT OR LOSS PER UNIT?	VALUE OF PROFIT/LOSS
1	A business sells a product at a price of £2.50. The variable cost per unit is £1.30, whilst the fixed cost per unit is £1.00.	PROFIT	£0.20 per unit
2	A business sold 5,000 items at a price of £4.99. The total cost of making them was £7,800.	PROFIT	£3.43 per unit
3	A business receives £15,000 total revenue from selling 2,500 units of a product. The total cost per unit was £4.50.	PROFIT	£1.50 per unit
4	A business pays fixed costs of £10,000. During the same period, it sells 20,000 units of a product at a price of £1.49 each. Each unit has a variable cost of £1.00.	LOSS	-£0.01 per unit
5	A business sold 1,900 items at a price of £9.99. The total cost of making these items was £28,500.	LOSS	-£5.01 per unit
6	A business sells 10,000 products at a price of £6.49. The total variable cost of making them is £30,000, with a fixed cost per unit of £1.49.	PROFIT	£2.00 per unit
7	A business sold 125,000 items at a price of £0.99. The total cost of making the 125,000 items was £155,000.	PROFIT	£0.25 per unit
8	A business sold 39,700 products at a price of £0.65 each. Their fixed costs were £15,880 and the variable cost per unit was £0.19.	PROFIT	£0.06 per unit
9	A business has fixed costs of £98,380 and total variable costs of £201,620 when it produces 100,000 units that it sells for £4.00 each.	PROFIT	£1.00 per unit
10	A business incurs variable costs per unit of £14.37 and total fixed costs of £25,000 when it produces 2,500 units. Total revenue of £50,000 is received by selling the 2,500 units.	LOSS	-£4.37 per unit

