Eddie Bull and Ed Ache are parnters in a small street food business called "Say Cheese". They attend events in the local area, making and selling their cheese grilled sandwiches from their converted campervan. Eddie is usually responsible for making the food, while Ed keeps an eye on the accounts, and deals with suppliers and bookings.

Just lately though, Ed has started to make a number of mistakes, so Eddie has challenged him to complete a number of different calculations for an event they are attending this Saturday.

All the information they need, along with the assumptions they have used, to carry out the calculations are shown below:

Information for Saturday's event

Based on previous visits to this event, we can expect to sell 250 sandwiches, if we charge a price of £2.25 per sandwich. We also know that our costs will include the following:

Pitch Fee =	£280.00
Cheese (Per Sandwich) =	£0.18
Petrol (Return Journey) =	£40.00
Bread (Per Sandwich) =	£0.06
Greaseproof Paper (Per Sandwich) =	£0.01
Electricity Charge =	£30.00

TASK 1

Both Eddie and Ed have completed a number of calculations based upon the information and assumptions shown. Their answers are given on the table over the page, along with any working out. For each calculation, you should identify who, if anyone, is correct, by completing the calculation yourself. Use can use another piece of paper if necessary.

Calculation	Eddie's Answer	Ed's Answer	Your Answer	Who Was Right?
Variable cost per sandwich	Variable costs are Cheese and Bread VC = £0.24 per sandwich	VC = £0.18 + £0.06 + £0.01 VC = £0.25 per sandwich	VC = £0.18 + £0.06 + £0.01 VC = £0.25 per sandwich	Ed
Total costs for the event	TC = FC + VC FC = £350 VC = £0.24 x 250 VC = £60 TC = £410	TC = FC + VC FC = £350 VC = £0.25 x 250 VC = £62.50 TC = £412.50	TC = FC + VC FC = £280 + £40 + £30 FC = £350 VC = £0.25 x 250 VC = £62.50 TC = £412.50	Ed
Total revenue for the event	TR = £2.25 x 250 TR = £562.50	TR = 250 x (£2.25 – 0.25) TR = £500	TR = £2.25 x 250 TR = £562.50	Eddie
Profit per sandwich	Profit = £2.25-(£410/250) Profit = £2.25 – £1.64 Profit = £0.61 per sandwich	Profit = Price – TC per sandwich Profit = £2.25 – £1.65 Profit = £0.60 per sandwich	Profit = Price – TC per sandwich Profit = £2.25-(£412.50/250) Profit = £2.25 – £1.65 Profit = £0.60 per sandwich	Ed
Total profit	Profit = TR – TC Profit = £562.50 - £410 Profit = £152.50	Profit = TR – TC Profit = £500 - £412.50 Profit = £87.50	Profit = TR – TC Profit = £562.50 - £412.50 Profit = £150	Neither
Break-even level of sales	BE = FC/(P-VC) BE = £350/ (£2.25-£0.24) BE = 174.13 sandwiches	BE = FC/(P-VC) BE = £350/ (£2.25-£0.25) BE = 175 sandwiches	BE = FC/(P-VC) BE = £350/ (£2.25-£0.25) BE = 175 sandwiches	Ed

TASK 2

Use the table you completed in Task 1 to help you answer the following questions:

1. Who do you think should do these types of calculations for the "Say Cheese" in future? Explain your answer.

> I think that Ed should continue to do these calculations in future. He got more calculations right than Eddie, and only made 1 real mistake, since his second error was based on a calculation using his first error.

2. Based on the calculations that you have made, recommend whether or not it is worth "Say Cheese" attending the event on Saturday.

> They should definitely attend the event on Saturday, since they expect to make a profit of £150. They only need to sell 175 sandwiches to break-even, so the fact that they think they will sell 225 sandwiches means that it is worth their while going.
>
> There are, however, things that they need to be aware of. Firstly, they have assumed that they will be able to sell 225 sandwiches. This is not guaranteed, and if for example the weather is poor, and they sell fewer than 175 sandwiches then they could make a loss. They would also be unable to use any unsold bread, for example.
>
> In addition, there is no reference to how much they will receive individually. If they share the profit, then they will need to decide whether they are happy to be paid £75 for a day's work.
>
> However, attending the event will help them get noticed, and they might find out about more events by talking to other stall holders.