1. Ithar is a hairdresser. Her sales revenue was 10% higher this year than last year. She earned a total revenue of $50 000 last year. She charged an average of $5 for each customer last year and has not increased prices. She buys in materials such as shampoo and hairspray and has calculated that the cost is an average of $2 for each customer, She estimates that her overhead expenses are $10 000 this year.
2. What is meant by ‘Sales Revenue’?

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1. Calculate Ithar’s sales revenue this year. Show your working.

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1. Identify 4 costs likely to be included in Ithar’s annual overhead expenses.

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1. Calculate Ithar’s new profit this year (using your results from b). Show your working.

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1. Ithar thinks that her net profit next year will be higher is she increases average prices to $6 per customer. Do you agree? Justify your answer.

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1. Lamis develops computer games. She has developed two new games but she only has the capital to launch one of these. Game A is aimed at young children – around 6-10 year old. Game B is targeted at teenagers – around 13-18 years old. She has forecasted the following financial information.

|  |  |  |
| --- | --- | --- |
|  | **Game A** | **Game B** |
| Sales Revenue | 3000 units @ $5 | 2000 units @ $10 |
| Cost of sales | $1.50 per unit | $3 per unit |
| Expenses | $4 000 | $9 000 |

1. What is meant by ‘cost of sales’?

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1. Identify **two** reasons why retained profit of a company is not the same as its net profit.

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1. Identify and explain **two** ways in which Lamis could try to increase sales revenue for any one of her existing games.

Way 1: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Way 2: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [4]

1. Identify and explain **two** other pieces of information that Lamis would find useful before making a choice between Game A and Game B.

Information 1: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  
Information 2: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ [6]

1. Advise Lamis which Game she should launch. Use calculations to support your answer.

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