

BTEC LEVEL 1/LEVEL 2 TECH AWARDS IN ENTERPRISE

COMPONENT 3 PROMOTION AND FINANCE FOR ENTERPRISE CALCULATION PRACTICE BOOK



Student Name:

ABOUT THE COMPONENT 3 CALCULATION PRACTICE BOOK

This Component 3 Calculation Practice Book provides you with loads of opportunities for calculation practice before you take your Component 3 Promotion and Finance for Enterprise external assessment.

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B1 FINANCIAL DOCUMENTS

Activity 1

The owner of R&J Catering, a mobile sandwich enterprise, has sent you the following information and asked you to place an order today - 24th July 20XX - with its bread supplier, Bakery Direct, Harrington Way, Birmingham, B68 8ZY.

Item(s)	Product code	Quantity	Unit price (£)
White bread rolls	WBR1	300	0.12
Wholemeal bread rolls	WMBR4	200	0.17

Complete the purchase order form.

*R&J Catering
Unit 7
Fields Way
Bromsgrove
B60 1AG*

Purchase Order

To:

Date:

Please supply

Quantity	Description	Product code	Unit price (£)	Total Price

Sub total _____

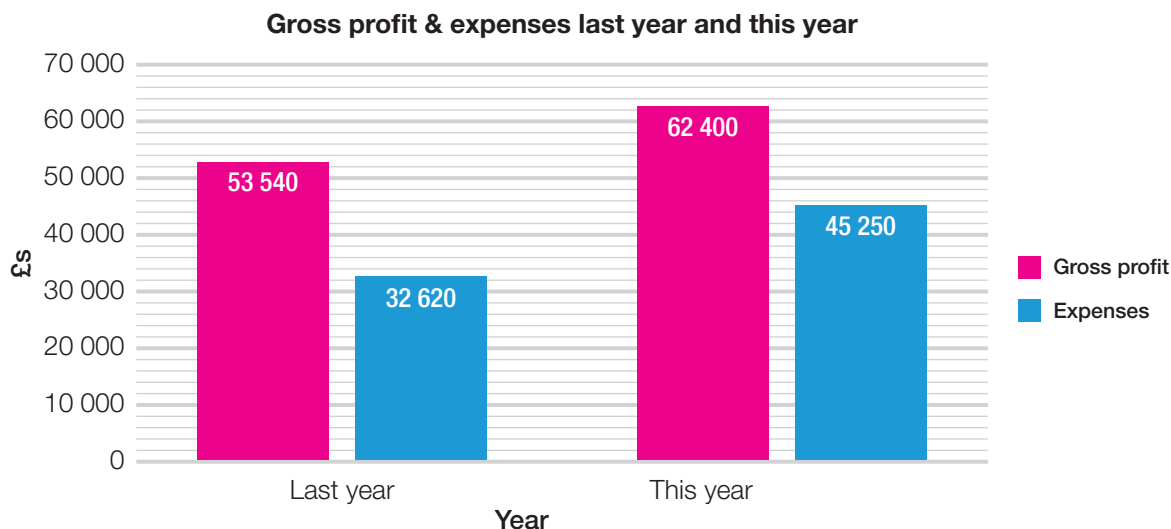
Discount (10%) _____

Total _____



Activity 5

The owner of an enterprise wants to compare its net profit figure over the last two years. She has given you the following figures:



Identify the year in which net profit was higher. Show your workings.

_____ year

Activity 6

This year, a business owner has decided to focus on cutting costs in her enterprise, as she was concerned about expenses increasing. Last year, her expenses were £21 900. This year, her gross profit was £38 400 and net profit was £22 150.

In £s, calculate the decrease in expenses for the enterprise between this year and last year. Show your workings.

£ _____

Activity 5

Sandy owns a small bicycle repair shop and would like to improve the financial management of her enterprise. She has given you the following extract from her Statement of Financial Position for last year and would like your help in its completion.

Extract from Statement of Financial Position for an enterprise as at last year

	£	£
Fixed assets		
Land	10 000	
Machinery	4 500	
Total fixed assets		i
Current assets		
Inventory	4 180	
Cash	1 730	
Total current assets	5 910	
Current liabilities		
Creditors	1 862	
Total current liabilities	ii	
Net current assets	4 048	
Net assets		iii

Complete the Statement of Financial Position for items (i) to (iii).

Activity 6

Capital used within the enterprise is listed on the statement of financial position in the capital employed section.

The following extract shows the capital employed section from the Statement of Financial Position for an enterprise for last year.

Extract from the Statement of Financial Position for an enterprise as at last year

	£	£
Capital		
Owners' capital	5 000	
Bank loan	8 000	
Retained profit	3 600	
Less drawings	4 500	
Capital employed		i

Complete the Statement of Financial Position for item (i).

The formula for working out the liquid capital ratio is:

$$\text{Liquid capital ratio} = \frac{\text{Current assets} - \text{inventory}}{\text{Current liabilities}}$$

b Calculate the liquid capital ratio for the enterprise. Show your workings.

Activity 4

Dylan owns and operates an enterprise selling second-hand vinyl records and is concerned about his ability to pay his debts in the near future. He has provided the following figures:

Current assets	£5 400
Current liabilities	£1 800

Dylan has given you the formula for working out the current ratio:

$$\text{Current ratio} = \frac{\text{Current assets}}{\text{Current liabilities}}$$

a Calculate the current ratio for Dylan's enterprise. Show your workings.

Dylan has provided you with the formula working out the liquid capital ratio:

$$\text{Liquid capital ratio} = \frac{\text{Current assets} - \text{inventory}}{\text{Current liabilities}}$$

Dylan had an inventory of £3 240.

b Calculate the liquid capital ratio for Dylan's enterprise. Show your workings.

b i) Identify how many units need to be sold per year for Katie's enterprise to break-even.

ii) Identify the sales revenue of the enterprise if 2 250 units are sold per year.

iii) Identify the total costs of the enterprise if 1 250 units are sold per year.

iv) Identify the fixed costs of the enterprise if 750 units are sold per year.

Activity 3

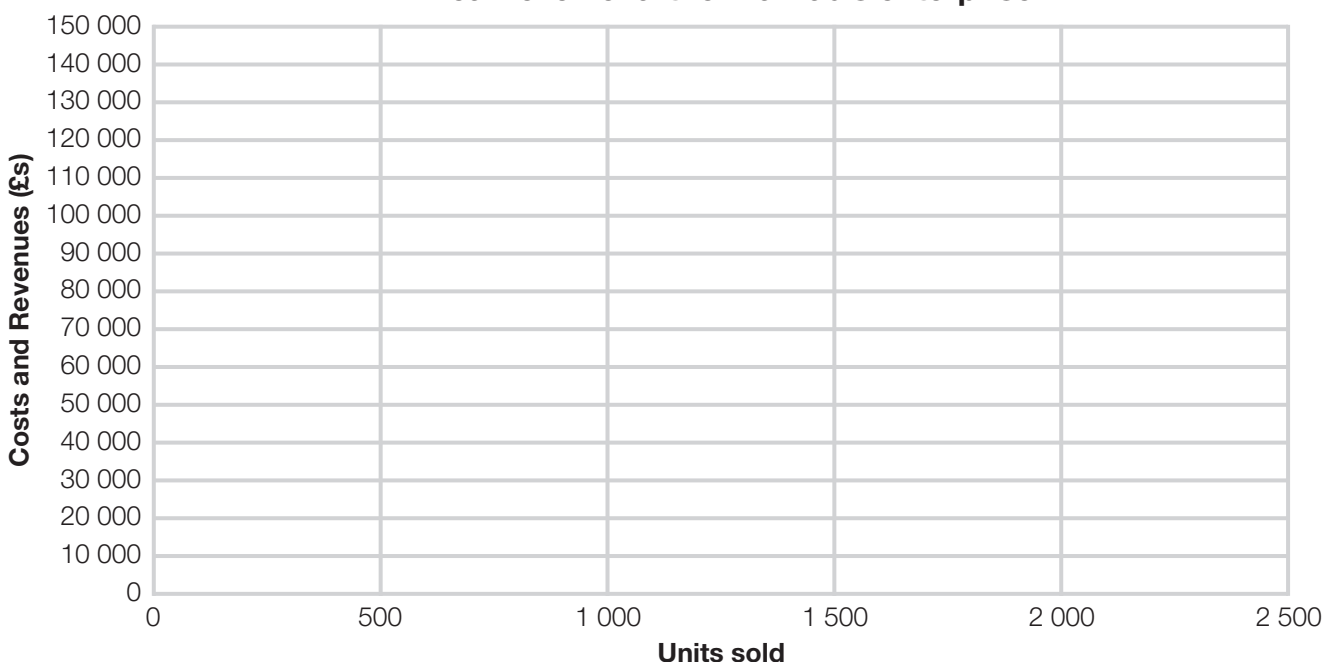
Farhad, the owner of an enterprise, has provided you with the following cost and revenue information. He wants to know how many units he needs to sell in order to break-even.

Cost and revenue information for Farhad's enterprise						
Number of units	0	500	1 000	1 500	2 000	2 500
Sales revenue	0	30 000	60 000	90 000	120 000	150 000
Fixed costs	60 000	60 000	60 000	60 000	60 000	60 000
Total costs	60 000	70 000	80 000	90 000	100 000	110 000

Using the data above and the following blank break-even chart, you should:

- Draw and label the fixed costs, total costs and sales revenue lines
- Identify the break-even point for Farhad's enterprise.

Break-even chart for Farhad's enterprise



Activity 5

Suraj is the owner of an online enterprise that sells personalised keyrings. Each key ring can be personalised with either a photograph or someone's name. He has given you some forecasted cost and revenue information that can be used to construct a break-even chart.

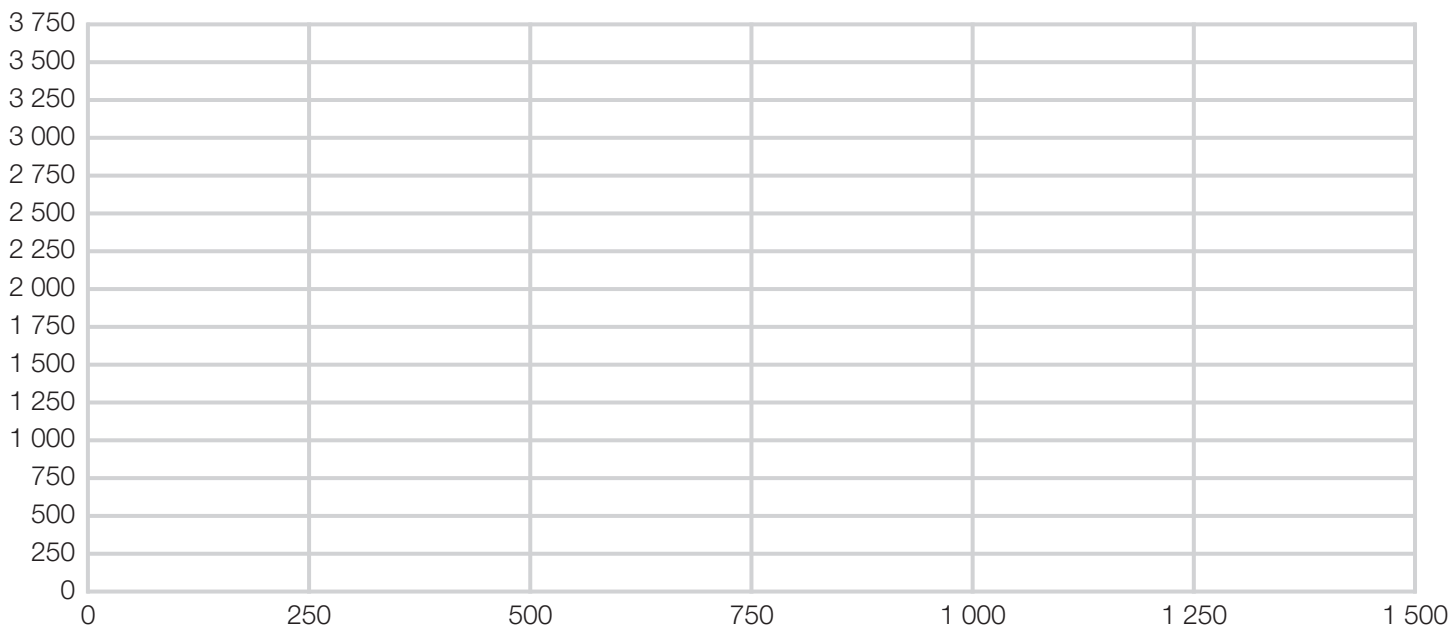
Cost and revenue forecast information	
Variable costs per personalised key ring	£1
Total fixed costs per month	£1 500
Selling price of a personalised key ring	£2.50

- a** Use the graph supplied below to draw a break-even chart for Suraj's personalised key ring enterprise. Remember to label it fully. You may find it helpful to complete the activity table before you start the chart.

Activity Table

Number of key rings per month	0	500	1 000	1 500
Sales revenue				
Variable costs				
Fixed costs				
Total costs				

Break-even Chart for Suraj's enterprise



- b** Identify how many key rings need to be sold per month for the enterprise to break-even. Show your workings.

_____ key rings per month