3.3 COSTS AND REVENUE

You get a formula sheet for Business Management, but not all the formulas are on the sheet. Below are the additional formulas you need to know.

Total Revenue = Price x Quantity

TVC = AVC X Output level

Average Variable cost = Total Variable cost /output level

Profit = Total Revenue - Total Cost

AC = TC / Output level

Total Cost = Total Fixed Cost (TFC) + Total Variable Cost (TVC)

TFC remains fixed for all levels of output. **Fixed costs** of production do not change with the level of output.

1. Complete the table below by filling in the gaps.

Output	Sales Revenue	Fixed Cost	Variable Cost	Total Cost	Profit
0	0				
1					
2		500			
3	900				
4					
5	1500				
6			1200		

2. Complete the table below. Assume price per unit of €100.

Output	Total Revenue	Total Fixed Costs	Total Variable Costs	Total Costs	Profit
0		20,000			
100	10000		5,000		
200			10,000		
300					
400				40,000	
500				45,000	
600					

3. Complete the table:

Output(T-shirts)	Fixed Cost ($)	Variable Cost ($) ($9 per T-shirt)	Total Cost ($)
0			
500	5000		
1000		9000	
1500			
2000			23000

4. Snippets Hair Salon Co. has annual fixed costs of $1.2 million. The company has an annual output of 150,000 customers, with a variable cost per customer of $15. Calculate the total annual costs for Snippets Hair Salon Co.

5. **Thompsons Farms** has annual fixed costs of $2 million. It has an annual output of 1,250,000 units, with variable cost per unit of $2. Calculate the total annual costs for Thompsons Farms

6. **Gardeners' Pots** has total costs of $2,000 and fixed costs of $1,100 for an output level of 600 units. Calculate the variable cost per unit for the firm.