

## Edexcel A Level Business Linear Worksheet 9 – Themes 1 and 2

1. Below shows the budgeted and actual revenue and expenditure for a restaurant in July and August. Calculate the total profit variance for July and August stating whether it is adverse or favourable.

|                          | July        |          | August   |          |
|--------------------------|-------------|----------|----------|----------|
|                          | Budget<br>£ | Actual £ | Budget £ | Actual £ |
| <b>Total Revenue</b>     | 200,000     | 190,000  | 210,000  | 195,000  |
| <b>Total Expenditure</b> | 160,000     | 155,000  | 175,000  | 160,000  |

2. State 2 factors that could lead to a change in supply.

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3. A marketing manager estimates the PED of its product has changed from -1.9 two years ago to -0.6 today.

3a. Briefly explain why the business may be happy with this news.

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3b. Briefly explain how the business may have been able to achieve this.

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3c. If prices are raised by 14%, what would you expect to happen to sales?

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4. Identify whether the statement is related to capital-intensive production or labour-intensive production.

|    | Statement  | Capital or labour-intensive? |
|----|--|------------------------------|
| a. | Involves primarily the use of machinery to make output   |                              |
| b. | Maintenance costs must be considered   |                              |
| c. | Could be particularly useful if work has health and safety concerns  |                              |
| d. | Method of production meaning labour costs account for a large percentage of a firm's total costs                 |                              |
| e. | Some countries have unreliable sources of power making this method of production less attractive                 |                              |
| f. | Cheaper to start up  |                              |
| g. | Higher barriers to entry in industries requiring this method of production                                       |                              |
| h. | More likely to be profitable if the minimum wage rate in a country is low  |                              |
| i. | Can be inflexible e.g. if each product is very different to the next, it may not be a suitable production method |                              |
| j. | Production is more likely to run the risk of human error   |                              |
| k. | Staff motivation is very important here  |                              |