

## 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 £	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	