

# Costs, Revenue and Profit

$$\text{Total Revenue} = \text{Price} \times \text{Quantity Sold}$$

$$\text{Total Cost} = \text{Fixed Cost} + \text{Total Variable Cost}$$

$$\text{Profit} = \text{Total Revenue} - \text{Total Cost}$$

# Cash Flow

**Net Cash Flow =**

**Total Receipts – Total Payments**

**Closing Balance =**

**Opening Balance + Net Cash Flow**

**Opening Balance =**

**Closing Balance of previous period**

# International Trade

**The exchange rate is the amount of currency which £1 will buy.**

**Amount in foreign currency =  
Amount in £ x Exchange rate**

**Amount in £ =  
Amount in foreign currency ÷  
Exchange rate**

# **Cost Effective Operations and** **Competitiveness**

$$\text{Labour Productivity} = \frac{\text{Total Output}}{\text{Number of Workers}}$$

# Breakeven

**Contribution = Price – Variable Cost**

**Breakeven Quantity =  
Fixed Cost ÷ Contribution**

**Margin of Safety =  
Quantity Sold – Breakeven Quantity**

# Remuneration

**Wages =  
Hours Worked x Hourly Rate**

**Overtime =  
Hours Worked x Overtime rate**

**Commission =  
Sales x Commission rate ÷ 100**