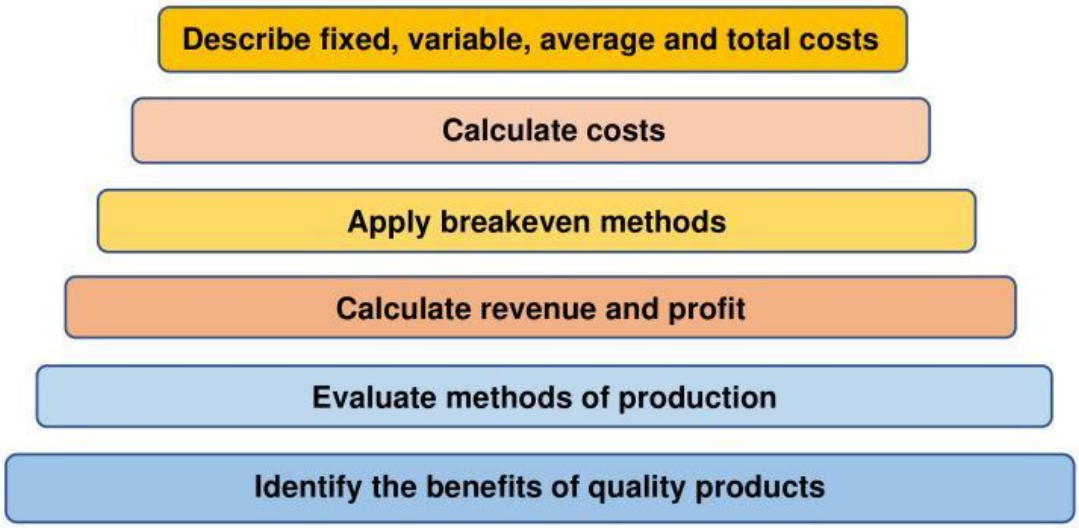
Name …… Class: ……

Business Studies

Grade 10 Project _ 2nd Term:

Operations Management



Objectives

By the end of the project students will be able to:

- identify different methods of production
- recommend appropriate methods of production
- describe fixed, variable, average and total costs
- calculate total and average costs
- recommend if a business should continue to produce a product
- calculate a breakeven point
- calculate total revenue and profit
- label a breakeven diagram
- identify benefits of producing quality products

Student ID	Click or tap here to enter text.
Student Name	……
School Name	**Sheikh Rashid Bin Saeed Islamic Institute**
Grade/Class	**10 / ……**

LIVEWORKSHEETS

Case Study - Khalifa -The Bike Shop

Khalifa runs a successful café called FreshZ. He started a bike repair business six months ago and the business has done well. FreshZ employs four full time staff in the cafe. Khalifa's second business, 'Fitt Bikes,' has one employee, who helps to repair bikes.

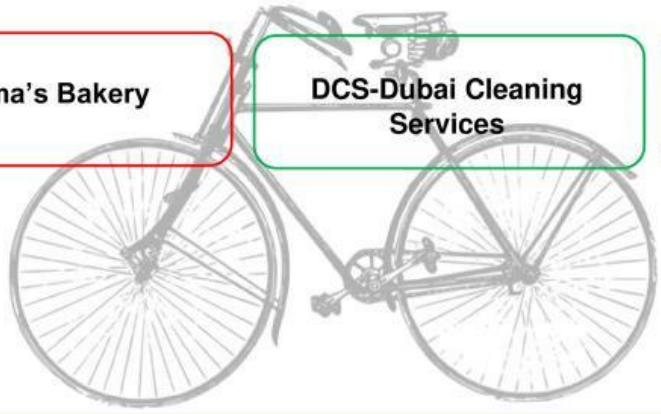
Both businesses are run from a shop located in a busy shopping area. A park nearby has a cycle track.

Some of Freshz suppliers include:

Fatima's Bakery

DCS-Dubai Cleaning Services

The Fair Trade Coffee Bean Company



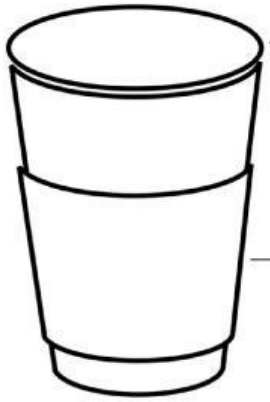
Describe fixed, variable, average and total costs

1.		***Khalifa's friend, Khalid, has told him that managing the finances of the business is very important.***		
	a)	What are fixed costs? (1 mark)		
		.....		
	b)	What are variable costs? (1 mark)		
		.....		
	c)	What is revenue? (1 mark)		
		.....		
	d)	Explain the difference between revenue and profit. (1 mark)		
		.....		
		Help Khalifa by identifying his fixed costs and variable costs. (2 marks)		
	e)	**Costs:**		
		Coffee	Fixed cost	variable cost
		Milk	Fixed cost	variable cost
		Insurance	Fixed cost	variable cost
		Advertising	Fixed cost	variable cost
		Paper Cups	Fixed cost	variable cost
		Rent	Fixed cost	variable cost

LIVEWORKSHEETS

Calculate costs

2.		*Khalifa wants to expand his business further. He needs to know if he will make enough profit over the next six months. To do so, Khalid has suggested calculating his breakeven point, and his profit. Khalifa will need 100,000 AED to expand his business.*
	a)	**Evaluate why it is a good idea for Khalifa to calculate his breakeven point.** (2 marks)
		.....



Selling price 24 AED

Cost to make a cup of coffee

Paper cups 1 AED

Milk 2 AED

Coffee 4 AED

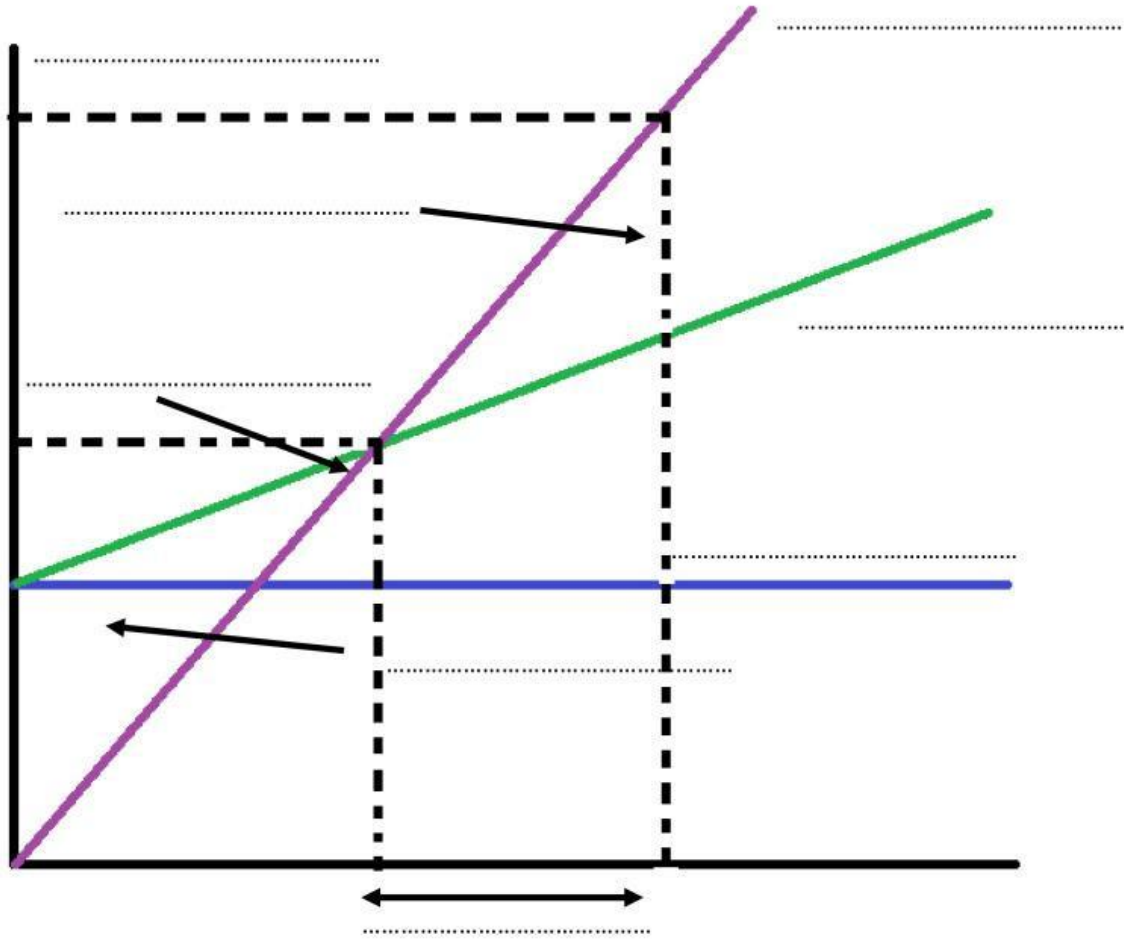
Hot Water 1 AED

	b)	**How much are the variable costs for each cup of FreshZ coffee?** (1 mark)
		.....
		Khalid believes that he will sell 2,500 cups of coffee a month.
	c)	**What will FreshZ's total variable costs per month be?** (2 marks)
		.....

LIVEWORKSHEETS

Apply breakeven methods

3.	a)	What will FreshZ Café's total monthly revenue be?	(2 marks)
		.....	
		The fixed costs for Freshz Cafe are:	
		Staff salaries	2,500 AED per worker
		Cleaning costs	2,000 AED per month
		Rent	5,000 AED per month
		Advertising	1,600 AED per month
		Water	400 AED per month
		Insurance	1,000 AED per month
	b)	Total fixed costs are:.....	12500
		Show how you calculate your answer to the following questions	
4.	a)	Calculate how many cups of coffee FreshZ Cafe will have to sell each month to reach breakeven point.	(2 marks)
		....	
		.....	
	b)	Calculate the margin of safety.	(1 mark)
		....	
	c)	Label the breakeven diagram.	(3 marks)



Calculate revenue and profit

	d)	Calculate how much profit Khalifa will make in six months.	(3 marks)
		....	
	e)	Will Khalifa make enough profit to start his new business? Explain your answer.	(2 marks)
		....	

LIVEWORKSHEETS

Evaluate methods of production

5.	a)	Which methods of production do you think FreshZ's suppliers should use? (2 marks)

Fatima's Bakery	DCS-Dubai Cleaning Services	The Fair Trade Coffee Bean Company
.....	.....	.....

		Fatima an employee at Freshz Café has suggested using batch production to handle customer orders.
	b)	Examine whether this is a good idea. (1 mark)
		....

Identify the benefits of quality products

		FreshZ invites customers to provide feedback on their experience when visiting Freshz café. Over 97% of customers say they think the customer experience at FreshZ is AMAZING.
6.		Explain two benefits of offering customers a quality product. (2 marks)
		....

LIVEWORKSHEETS