

GCSE Business formulae and calculations (Edexcel, 9-1 course)

TOPIC 1.3 : Chapter 14 – Business revenue, costs and profit

Total costs (TC) = Total fixed costs (TFC) + Total variable costs (TVC)

Revenue = price × quantity

TVC = Variable cost per unit x number of units

Interest (on loans) in % = $\frac{\text{total repayment} - \text{borrowed amount}}{\text{borrowed amount}} \times 100$

TOPIC 1.3 : Chapter 15 – Break-even

Break-even point (in units) = $\frac{\text{Fixed costs}}{(\text{sales price} - \text{variable cost per unit})}$

Break-even point in costs (or revenue) = break even point in units × sales price

Margin of safety (in units) = actual or budgeted sales – break-even sales

TOPIC 1.3 : Chapter 17 – Cash flow forecasts

Net cash-flow = cash inflows – cash outflows in a given period

Opening balance = closing balance of the previous period

Closing balance = opening balance + net cash flow

TOPIC 1.5 : Chapter 28 - External influences on businesses (international trade)

The exchange rate is the amount of currency which £1 will buy (e.g. £1/€1.3)

Amount in other currency = Amount in £ x Exchange rate (e.g. £50 x 1.3 = €65)

Amount in £ = Amount in other currency ÷ Exchange rate (e.g. €80 / 1.3 = £61.54)

TOPIC 2.3 : Chapter 41 - Business operations (productivity)

Labour productivity = Total Output ÷ Number of Workers

TOPIC 2.4 : Chapter 47 – Business calculations

Gross profit = sales revenue – cost of sales

Gross profit margin (%) = $\left(\frac{\text{gross profit}}{\text{sales revenue}} \right) \times 100$

Net profit = gross profit – other operating expenses and interest

Net profit margin (%) = $\left(\frac{\text{net profit}}{\text{sales revenue}} \right) \times 100$

Average rate of return (%) = $\frac{\text{average annual profit (total profit / number of years)}}{\text{Cost of investment}} \times 100$

TOPIC 2.5 : Chapter 54 - Motivation (remuneration)

Wages = Hours Worked x Hourly Rate

Overtime = Hours Worked x Overtime rate

Commission = Sales x Commission rate (%) ÷ 100