**Use the information from the costs sheet to complete the following on a Word doc.**

**1**.Explain what the following are:

* Fixed costs
* Variable costs
* Total costs

**2**. Show exactly what these are **for your hat.**

( bobble hat is wool/mix, bucket hat and caps are cotton )

**3**. Decide on a **price** that you would sell **each size** of your hat for ( infant, junior, adult )

**4**Explain what break-even means.

**5**. For each size of your hat, work out how many you would have to sell to break even. **Show all of your working out.**

**Break even no. of hats = Fixed Costs**

**Selling price – Variable cost for 1 hat**

**6**. Using this information, suggest a number of hats that you would predict to sell in the first month. **( for each size )**

**7**. Using this information and the selling price, show the **Total Revenue** you would receive in the first month. **(for each size )**

**Total Revenue = No. of hats sold x selling price**

**8**. Show the **total profit** you would expect from these suggestions.

**Total Profit = Total Revenue – Total Costs.**

**8**. Show what could happen to the break even point if you change the price of the hats.

**9**. Evaluate whether you think all of your suggestions above are **viable** and why.