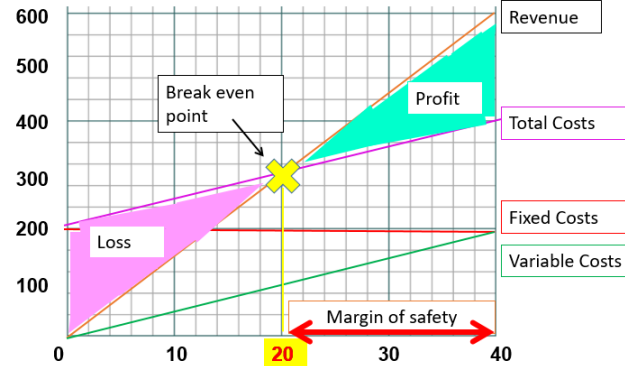


Break Even Point



Impact on an enterprise of an increase in rental payments

- Increase costs
- Outflows will increase
- Total costs will increase
- More customer to break even
- Reduced profits

Advantage for an enterprise using a debit card to pay monthly bills

- Can be made over the phone
- Can pay online

Types of market

Business to Business (B2B)

Business to customer (B2C)

Statement of financial position as of 31 December 2018

	£	£
Fixed assets		
Computer	500	
Vehicle	2000	
		2500
Current assets		
Inventory	4000	
Debtors	600	
Cash in bank	2000	
		6600
Current liabilities		
Creditors	700	
Overdraft	300	
		1000
Net current assets		5600
Total assets less current liabilities		8100
Financed by		
Owner's capital	5000	
Retained profit	3100	
		8100

This column identifies the total value of individual items.

This column includes the value of individual items.

The total fixed assets are £500 + £2000 = £2500

Total of current assets.

Total of current liabilities.

Net current assets =
Current assets - Current liabilities =
£6600 - £1000 = £5600

Owner's funds =
Owner's capital + Net profit for the year
= £5000 + £3100 = £8100
This figure will be reduced if the owner takes money out of the business to pay themselves a salary. It would be shown as 'Drawings'.

Formulars

Cost of sales = revenue - Gross profit

Methods of sales promotion

These are the main methods used by enterprises to promote their products to customers:

Method and features	Benefits/limitations
Coupons Money-off voucher	<ul style="list-style-type: none"> May encourage the customer to buy the product rather than a rival product Impacts on profit if money-off price doesn't cover costs of product
Free sample Often given with discount coupon (try before you buy)	<ul style="list-style-type: none"> Having tried the product, customers may decide to buy (possibility of repeat sales) - Increases profit Impacts on profit if too few sales generated
Competitions Prize draws, for example for a free holiday, cash prize or free products	<ul style="list-style-type: none"> Allows the enterprise to build up marketing information as customers provide details to enter competitions; appeals to people's sense of thrill to build interest in the product Impacts on profit
Money off/discounts A percentage reduction on the original price	<ul style="list-style-type: none"> Encourages customers to buy more products Impacts on profit if too few sales generated
Loyalty incentive Loyal customers obtain points on purchases that can either be put towards other products or they get something for free	<ul style="list-style-type: none"> Establishes a long-term relationship with customers; customers may choose the enterprise's products over a rival's Impacts on profit if too few sales generated
Buy one get one free (BOGOF) A free product when a full-priced product is purchased	<ul style="list-style-type: none"> May encourage customers to buy additional products as they have saved money elsewhere Impacts on profit if too few sales generated

Internal sources of finance

- Friends and family
- Personal savings
- Credit Cards
- Selling assets

Disadvantages of using a government grant

- Business has to wait for funding
- Might not cover the amount needed
- Might be restrictions on how the money is to be spent

Disadvantages of an enterprise only accepting contactless payments

May have to turn customer away

May have to pay transaction fees

Issues with technology

Disadvantages of premium pricing

Lack of sales

complaints

Customers go to cheaper competitors

Reduces target market

Above the line:

A mass media approach for products aimed at a wide spectrum of the market

Below the line:

Methods are generally cheaper and more focused on the target market

Radio advertising	TV advertising
Newspapers	Cinema
Billboards	Magazines

Direct mail	Sales promotion
Catalogues	Personal selling
Trade shows	Social media marketing

The Line

A completed credit note

On the purchase order number 031220 the supplier delivered four boxes of lemonade and one box of cola in error instead of five boxes of lemonade. The box of cola was returned to the supplier who issued a credit note.

Braddock Soft Drinks

Unit 10, Century Way, Anytown AN30 1XX

CREDIT NOTE

EatIn Pizzas

15 High Street

Anytown AN40 3YY

Credit note date: 4/1/2019

Credit note number: 23451/CN

Catalogue No	Item	Unit	Unit price	Discount @10%	VAT @20%	Total
23478/LM	Lemonade	5	£ p	£ p	£ p	£ p
59352/OR	Orange	1	4 20	3 78	0 76	4 54

This is the amount that will be credited to the customer's account.