

Year 9 - Citizenship

Worksheet 2

The table below is the current budget that Mohammed is reviewing.

Tasks:

1. Identify which outgoing costs are variable and fixed, and complete the column c.
2. Calculate the current total outgoing spend of the Plumbing and Heating business per month (column b)

| a. Outgoing cost items | b. Cost per month | c. Fixed or variable? | d. Stop, re-consider, re-negotiate or continue? |
|----------------------------|-------------------|-----------------------|---|
| Office rent | £2,350 | | |
| Car/van insurance | £500 | | |
| Phone contracts | £350 | | |
| Petrol | £1,000 | | |
| Stationary | £60.50 | | |
| Permanent admin staff | £7,500 | | |
| Permanent staff (plumbers) | £8,000 | | |
| Temporary staff (plumbers) | £4,500 | | |
| Training | £58 | | |
| Teas / coffees in office | £98 | | |
| Advertising | £550 | | |
| Staff events | £350 | | |



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| | | | |
|---|--------|--|--|
| Customer events | £450 | | |
| Equipment purchase | £840 | | |
| Equipment maintenance | £70 | | |
| Uniform | £50 | | |
| Car/van rental | £1,200 | | |
| Staff benefits (including gym membership) | £750 | | |
| Water | £60 | | |
| Heating | £80 | | |
| Electricity | £125 | | |
| TOTAL | | | |

3. Shreena would like to cut outgoing costs to under £25,000 a month. Read the description of the business below, along with her priorities in the cuts. In column d, make recommendations about which costs they could stop, re-consider, continue or re-negotiate.

Overview of the business and priorities for the cuts

At the Plumbing and Heating Contractors, there are 15 members of staff (10 plumbers and 5 administrative staff). Each plumber has their own vehicle that is rented by the company and the office staff work in their main offices, where the vehicles and equipment are kept. The CEO, Shreena, knows that with the cost of energy increasing, she'll need to adjust outgoing costs in the business. She needs Mohammed to help a new budget for the business but doesn't want to make changes that will impact:

- a) Staff wellbeing, she believes that the best work will come from a happy workforce.*
- b) Keeping all members of permanent staff.*

