

Time allocated: 15 minutes.

May is the new finance manager at a large plc chain (Yummy Food PLC) of different grocery stores that have different brand identities; one aims at the high end market consumers (Store Elite) and the other aims at the low-budget consumers (Store Budget). She needs to know which one is more profitable to plan the financial year ahead.

She has asked you to help her complete the following table.

Figures from 2013	Elite	Budget
Sales Revenue	\$ 400,000	\$ 400,000
Cost of Goods Sold	\$ 160,000	\$ 120,000
Gross Profit		
Annual Expenses	\$ 130,000	\$ 70,000
Net Profit		
Taxes	\$ 50,000	\$ 35,000
Dividends	\$ 20,000	\$ 20,000
Retained Profit		

Read the case study. Write out the two income statements.

- Calculate the gross profit, net profit and retained profit of both grocery stores options. (6 marks)
- Which grocery store is more successful? Why do you think so? (4 marks)
- What could May do to increase profits of both stores? (4 marks)

NOTE: DO NOT FORGET TO WRITE THE WORD FORMULAS.