





2. Sue develops new computer games. She has developed two new games but she only has the capital to launch one of these. Game A is aimed at young children – around 6-10 years old. Game B is targeted at teenagers – around 13-18 years old. She has forecasted the following financial information.

Forecasts for next year	Game A	Game B
Sales Revenue	3,000 units @ \$5	2,000 units @ \$10
Cost of Sales	\$ 1.50 per unit	\$ 3 per unit
Expenses	\$4,000	\$9,000

- a. What is meant by 'cost of sales'?

\_\_\_\_\_ (2)

- b. Identify two reasons why retained profit of a company is not the same as its net profit.

Reason 1: \_\_\_\_\_

Reason 2: \_\_\_\_\_ (2)

- c. Identify and explain two ways in which Sue could try to increase sales revenue for any one of her existing games.

Reason 1: \_\_\_\_\_

Explanation: \_\_\_\_\_

\_\_\_\_\_

Reason 2: \_\_\_\_\_

Explanation: \_\_\_\_\_

\_\_\_\_\_ (6)

- d. Identify and explain two other pieces of information that Sue would find useful before making a choice between Game A and Game B.

Information 1: \_\_\_\_\_

Explanation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Information 2: \_\_\_\_\_

Explanation: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_ (4)

- e. Advise Sue which game she should launch. Use calculations to support your answer.

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\_\_\_\_\_ (6)