

# 3

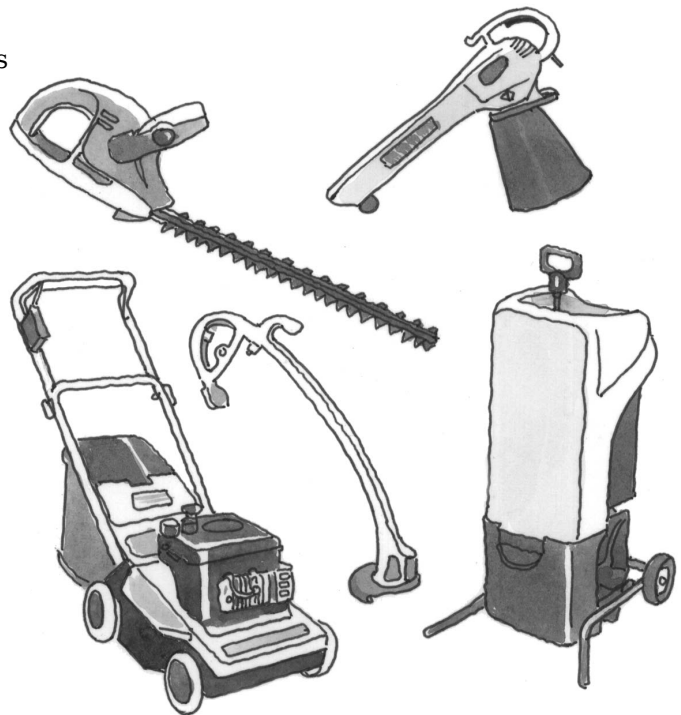
## Unit Identifying the costs of a new product or service

### Activity sheet 3.19.1

Danni runs a business selling mechanical garden equipment such as lawnmowers and hedge trimmers. She plans to expand her business by extending the shop to house a workshop to carry out repairs on customers' equipment. She will need to employ a skilled mechanic to carry out the repairs. She has a water meter and pays for the amount she uses. She has made a list of all the costs involved. Complete the chart below by identifying the start-up costs, the running costs and those that are **both**.

#### Danni's cost list

- 1 Building the extension
- 2 Advertising to inform potential customers that the new service is available
- 3 Wages for mechanic
- 4 Additional electricity for power tools and lighting
- 5 Spare parts for machines being repaired
- 6 Petrol for delivery van
- 7 Tools
- 8 Additional water used
- 9 Workbench
- 10 Heating boiler and radiators
- 11 Telephone extension
- 12 Telephone charges
- 13 Regular advertising
- 14 Additional business rates
- 15 Electrical wiring in new workshop
- 16 Water supply to new workshop
- 17 Overalls for mechanic
- 18 Laundry bill for overalls
- 19 Engine oil for servicing motors



Start-up costs	Running costs	Both start-up and running costs