**Unit Pricing and Cash Flow Forecasting**

**Unit Pricing**

The purpose of Unit Pricing is to take into consideration the cost of producing a single unit. This will help a business to determine the cost of manufacturing and will help determine that their selling price is higher than this cost as to avoid making a loss.

An example of this is below:

*To make 100 frames cost* €*500, how much does it cost to make one?*

*500/100 =* €*5 per frame. This means that it will cost* €*5 to manufacture each frame, and so the selling price will need to be above* €*5 to reflect profit.*

**So for example, if you sell one frame for €6, it means that you will make** €**1 profit.**

**Questions to practice**

1. Maria makes cases for her project that cost €300 in total. If she makes 300 cases, how much did each case cost to make?
2. Tom spent €30 to make 5 pencil holders. How much does each pencil holder cost to make?
3. Kate makes buns for her Home Ec task. If she made €50 from selling 40 cakes, how much did each cake sell for?
4. Andrew spent €2.87 at the stationery store. If he bought 7 pens, how much did each pen cost?
5. Mario makes 750 cases for his project. If each case costs €3, how much money did he make?
6. Brand X costs €5.04 for 14 ounces. Brand Y costs 1 cent more per ounce. What is the cost of 10 ounces of Brand Y?
7. Brand J costs €6.10 for 61 pieces. Brand K costs 1 cent more per piece. What is the cost of 61 ounces of Brand K?
8. Brand A costs €1.65 for 55 pieces. Brand B costs 1 cent less per piece. What is the cost of 90 pieces of Brand B?
9. A single basket of goods costs €9 to make. Bulk buying goods will allow Naomi to fill 5 baskets totalling €42. How much will Naomi save by bulk buying 5 baskets rather than making individually?
10. A single basket of goods costs €5.50 to make. Bulk buying goods will allow Derek to fill 7 baskets totalling €33.30. How much will Derek save by bulk buying rather than making individually?
11. A single-serving carton of yogurt costs 81 cents. A case of 12 single-serving cartons costs €9.12. How much is saved in total by buying the yogurt by the case?
12. A single-serving carton of yogurt costs 1.20 cents. A case of 6 single-serving cartons costs €7.00. How much is saved in total by buying the yogurt by the case?

**Sample Cash Flow Forecasts**

**Rules**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Month** | **Jan** | **Feb** | **March** | **April** | **Total** |
| **Receipts** | **10,000** | **15,000** | **14,000** | **12,000** |  |
| **Payments** | **8,000** | **7,000** | **16,000** | **10,000** |  |
| **Net Cash** |  |  |  |  |  |
| **Opening Cash** | **500** |  |  |  |  |
| **Closing Cash** |  |  |  |  |  |

1. ***Receipts – Payments = Net Cash***
2. ***Net Cash + Opening Cash = Closing Cash***
3. ***This month’s Closing Cash is next month’s Opening Cash***
4. ***Month 1’s Opening Cash is the same as Total’s Opening Cash***

***1.***

***2.***

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| --- | --- | --- | --- | --- | --- |
| ***Month*** | ***Apr*** | ***May*** | ***June*** | ***July*** | ***Total*** |
| ***Receipts***  | ***80,000*** | ***77,000*** | ***80,000*** | ***86,000*** |  |
| ***Payments*** | ***75,000*** |  | ***100,000*** |  |  |
| ***Net Cash*** |  | ***4,000*** |  | ***8,000*** |  |
| ***Opening Cash*** | ***1,500*** |  |  |  |  |
| ***Closing Cash*** |  |  |  |  |  |

***3.***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Month*** | ***Apr*** | ***May*** | ***June*** | ***July*** | ***Total*** |
| ***Receipts*** | ***190,000*** | ***185,000*** | ***177,000*** | ***177,500*** |  |
| ***Payments*** | ***165,500*** |  | ***172,100*** |  |  |
| ***Net Cash*** |  | ***14,600*** |  | ***1,400*** |  |
| ***Opening Cash*** | ***3,200*** |  |  |  |  |
| ***Closing Cash*** |  |  |  |  |  |

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| --- | --- | --- | --- | --- | --- |
| ***Month*** | ***Apr*** | ***May*** | ***June*** | ***July*** | ***Total*** |
| ***Receipts*** | ***140,000*** | ***195,000*** | ***167,000*** | ***171,500*** |  |
| ***Payments*** | ***165,500*** | ***191,400*** | ***172,800*** | ***176,100*** |  |
| ***Net Cash*** |  |  |  |  |  |
| ***Opening Cash*** | ***(2,000)*** |  |  |  |  |
| ***Closing Cash*** |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Month*** | ***Oct*** | ***Nov***  | ***Dec*** | ***Jan*** | ***Total*** |
| ***Receipts*** | ***55,000*** | ***56,000*** | ***80,000*** | ***50,000*** |  |
| ***Payments*** | ***48,000*** | ***40,000*** | ***82,000*** | ***30,000*** |  |
| ***Net Cash*** |  |  |  |  |  |
| ***Opening Cash*** | ***6,000*** |  |  |  |  |
| ***Closing Cash*** |  |  |  |  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Month*** | ***Apr*** | ***May*** | ***June*** | ***July*** | ***Total*** |
| ***Receipts*** | ***220,000*** | ***165,000*** | ***180,000*** | ***166,500*** |  |
| ***Payments*** | ***195,800*** | ***150,000*** | ***174,300*** | ***146,200*** |  |
| ***Net Cash*** |  |  |  |  |  |
| ***Opening Cash*** |  |  |  |  | ***9,000*** |
| ***Closing Cash*** |  |  |  |  |  |