

Answer to moult hall essay sample

[Economics](#)



**ASSIGN
BUSTER**

Winston's proposal:

This is a long term project so full costing is used:£

Revenue (1, 900 x 15 x 50)1, 425, 000

Costs:

Depreciation [15 year life assets](5, 100)

Depreciation [5 year assets](8, 400)

Safety wear(4, 000)

Track Maintenance(5, 000)

Salaries [2 x 15, 000](30, 000)

Decoration [18, 000 + 8, 000](26, 000)

Food and drink [41, 250 + 48, 750](90, 000)

Fuel [11, 250 + 10, 000](21, 250)

Wages [22, 000 + 8, 000 + 38, 000 + 15, 000](83, 000)

Overall surplus1, 152, 250

Payment to Trust(750, 000)

Profit to Winston402, 250

This assumes using the cheaper method of installing the fuel tank. However it is likely that Winston would want to put it underground for aesthetic reasons. This would increase the 15 year depreciation charge by £700 per annum and the profit to Winston would be £401, 550

Pilot project Proposal

This is a one-off project and so relevant costing should be used £

Revenue [9 x £150 x 30wks]40, 500

Relevant costs

Food [40 x 10 x 30](12, 000)

Wages(15, 900)

Electricity [4 x 10 x 30](1, 200)

Domestic [10 x 10 x 30](3, 000)

Minibus [12 x 10 x 30](3, 600)

Opportunity cost of minibus [20 x 30](600)

Maintenance **(2, 000)

One-off alterations(2, 000)

Surplus 200

** Local authority charge for maintenance2, 000

Lost revenue from 1 guest [£150 x 30]4, 500

Total cost6, 500

Commercial maintenance cost8, 000

On these figures you would chose to get the Local Authority to do the work

The pilot proposal meets the objective of breaking even [just!]

Jonathan and Ingrid's proposal after the end of the pilot project We will assume that the necessary safety alterations take place at the end of the pilot project, thus losing 4 weeks opening in the first year. Year 1 [includes the pilot project and 4 weeks closure]£ Surplus c/f from pilot200

Additional revenue [29 x 150 x 18wks]78, 300

Costs [30 x 66 x 18](35, 640)

Minibus [20 x 18] Assumes you do 4 weeks of trips(360)

Wages [22 x 530] Assume employed during closure(11, 660)

Additional costs [w/o in total as no indication of life](20, 000) Surplus at the end of first year10, 840

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Year 2 onwards

Revenue [29 x 150 x 52wks]226, 200

Costs [30 x 66 x 52](102, 960)

Minibus [20 x 52] (1, 040)

Wages [52 x 530] (27, 560)

Maintenance*(2, 000)

Surplus at the end of second year92, 640

*This assumes that they would continue to use the Local Authority - it is much less clear in the second year They might prefer to use commercial contractors and be able to offer an extra place to a disadvantaged child