MANAGE YOUR MONEY

# Cost sorting worksheet

Name _____ Business _____ Date _____

**You will finish with**
The lowest price you can charge for your main product or job, and what you earn on each sale now.

## 1. Fixed costs per month

**Fixed costs** (stay the same each month, even when sales are slow). For costs you pay once a year, divide by 12. If you did the budget worksheet, copy your fixed costs total from there and skip the table.

| Fixed cost | Amount per month (R) |
|---|---|
| e.g. Rent | 2 500 |
| e.g. Licence R1 200 a year ÷ 12 | 100 |
| | |
| | |
| | |
| | |
| **Total fixed costs per month** | |

This total is the least the business must earn each month just to stay open.

## 2. Variable costs for one sale

**Variable costs** (go up and down with how much you sell). Choose your main product or job and list what it costs to make or deliver **one** of it.

**My main product or job (e.g. one braid hairstyle, one catering order for 20 people)**

| Variable cost for one sale | Amount (R) |
|---|---|
| e.g. Hair extensions and products | 120 |
| e.g. Transport to the client | 30 |
| | |
| | |
| | |
| **Total variable cost for one sale** | |

**TIP**
**Do not forget the small costs**
Packaging, fuel, data, helper wages and wasted stock all belong here.


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## 3. Lowest price that covers your costs

**How many of these I sell in a normal month (e.g. 40)**

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**Total fixed costs per month ÷ Number sold per month = Fixed cost share for one sale (e.g. R4 000 ÷ 40 = R100)**

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**Variable cost for one sale + Fixed cost share = Lowest price (e.g. R150 + R100 = R250)**

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**My price now - Lowest price = Profit on one sale (e.g. R300 - R250 = R50)**

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### What the answer means

1. Below zero: you lose money on every sale. Raise the price or cut a cost.
2. Small: one quiet month can wipe out your profit.

### Next step

**What I will do** (e.g. raise braids from R300 to R350, or buy extensions in bulk) _____

**By when** _____

### When to redo this

When a cost or your price changes, and at least every 6 months. Rent, stock and fuel prices go up, so a price that covered your costs last year may not cover them now.



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