Receivable collection days = Receivables x 365 30 = 120,000 x 365

Sales Sales

Sales = 120,000 x 365 = £1,460,000

30

Gross profit margin = Gross profit x 100 25 = Gross profit x 100

Sales Sales

Gross profit = 25 x Sales = £365,000

100

Net profit margin = Net profit x 100 15 = Net profit x 100

Sales Sales

Net profit = 15 x Sales = £219,000

100

Net profit = Gross profit – non productions costs

So

Non-production costs = Gross profit – net profit = 365,000 – 219,000 = £146,000

Cost of sales = Sales – Gross profit = 1,460,000 – 365,000 = £1,095,000

Fixed costs = 40% x cost of sales = 40% x 1,095,000 = £438,000

Variable costs = Cost of sales – fixed costs = 1,095,000 – 438,000 = £657,000