**Activity 1**

Calculate the added value of the examples below.

1. **Manufacturing a chair**

**Raw materials (inputs)**

Wood – £40

Brackets – £6

Screws – £1.50

Paint – £5

Varnish – £2.50

Total raw materials cost =

**Processes (Carpenter)**

Cutting, Sanding, Joining , Painting, Varnishing

**Finished product cost = £125**

**Total added value =**

1. **Wholesale cans of coca cola**

**Purchase of Coca cola can in bulk**

24 cans = £6

One can =

**Process (Wholesaler)**

Pick up of cans, storage of cans, distribution of cans, sale of cans to retailers.

**Final cost of can of coke = 50p each**

**Total added value =**

1. **Manufacturing a candle**

**Raw materials (inputs)**

Wax – £2.50

Glass – £1

Label– 25p

Scent – 50p

Total raw materials cost =

**Processes (Carpenter)**

Melting and scenting wax, creating glass container, scenting wax, placing wax into container, labelling, distribution for sale.

**Finished product cost = £12.50**

**Total added value =**

**Activity 1 – Answers**

Calculate the added value of the examples below.

1. **Manufacturing a chair**

**Raw materials (inputs)**

Wood – £40

Brackets – £6

Screws – £1.50

Paint – £5

Varnish – £2.50

Total raw materials cost = £55

**Processes (Carpenter)**

Cutting, Sanding, Joining , Painting, Varnishing

**Finished product cost = £125**

**Total added value = 125 – 55 = £70**

1. **Wholesale cans of coca cola**

**Purchase of Coca cola can in bulk**

24 cans = £6

One can = 25p

**Process (Wholesaler)**

Pick up of cans, storage of cans, distribution of cans, sale of cans to retailers.

**Final cost of can of coke = 50p each**

**Total added value = 50 – 25 = 25p**

1. **Manufacturing a candle**

**Raw materials (inputs)**

Wax – £2.50

Glass – £1

Label– 25p

Scent – 50p

Total raw materials cost = £4.25

**Processes (Carpenter)**

Melting and scenting wax, creating glass container, scenting wax, placing wax into container, labelling, distribution for sale.

**Finished product cost = £12.50**

**Total added value = 12.50 – 4.25 = £8.25**