1.11 Business calculations: revenue, costs and profit: 10-minute Pack

AQA 8132 · Calculator allowed · about 10 minutes

Total Marks

Name: _____ Date: ____ / ____ / _____

Answer ALL questions. Show your working for every calculation: method marks are available even if your final answer is wrong. Bramble Bakery, used throughout this pack, is a fictional business.

1 State two reasons why a business's net profit margin is usually lower than its gross profit margin.

(Total for Question 1 is 2 marks)

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2 Bramble Bakery draws up a cash-flow forecast for its first three months of trading. Some figures are missing.

Month	Opening balance (pounds)	Total cash inflows (pounds)	Total cash outflows (pounds)	Net cash flow (pounds)	Closing balance (pounds)
Month 1	2,000	9,000	8,200	(a)	(b)
Month 2	(c)	8,500	9,100	(d)	2,200
Month 3	2,200	10,000	8,700	1,300	(e)

Calculate the value of each missing figure, (a) to (e). Show your working.

(a) Calculate the missing net cash flow for Month 1. **(1)**

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(b) Calculate the missing closing balance for Month 1. **(1)**

.....

(c) Calculate the missing opening balance for Month 2. **(1)**

.....

(d) Calculate the missing net cash flow for Month 2. **(1)**

.....

(e) Calculate the missing closing balance for Month 3. **(1)**

.....

(Total for Question 2 is 5 marks)

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Mark scheme · 1.11 Business calculations: revenue, costs and profit: 10-minute Pack

Question 1

one acceptable reason, e.g. gross profit only deducts the direct cost of making the product (cost of sales), while net profit also deducts other running costs such as rent, wages and marketing **B1**

a second acceptable reason, e.g. a business with high overheads (fixed costs) will see a larger gap between its gross and net profit margins **B1**

Answer: Any two, e.g. net profit also deducts overheads/running costs that gross profit does not; higher overheads widen the gap between the two margins.

Question 2

(a) £800 cao **B1**

(a) Answer: £800.

(b) £2,800 cao (ft from part a) **B1**

(b) Answer: £2,800.

(c) £2,800 cao (ft from part b: a month's opening balance equals the previous month's closing balance) **B1**

(c) Answer: £2,800.

(d) -£600 cao (accept 'negative £600' or '(£600)') **B1**

(d) Answer: Negative £600 (outflow of £600).

(e) £3,500 cao **B1**

(e) Answer: £3,500.

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