1.11 Business calculations: revenue, costs and profit: Test Pack

Total Marks

AQA 8132 · Calculator allowed · about 15 minutes

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 Bramble Bakery is a fictional business that makes and sells loaves of bread.
Which one of the following is an example of a variable cost for Bramble Bakery?

- ☐ A) Rent on the bakery premises
- ☐ B) Flour used to make the bread
- ☐ C) The bakery manager's salary
- ☐ D) The bakery's annual business insurance

(Total for Question 1 is 1 mark)

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2 Which one of the following is an example of a fixed cost for Bramble Bakery?

- ☐ A) Flour used to make the bread
- ☐ B) Icing sugar used per cake
- ☐ C) Rent on the bakery premises
- ☐ D) Packaging used per loaf

(Total for Question 2 is 1 mark)

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3 Other than rent, state two examples of a fixed cost that Bramble Bakery might have to pay each month.

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.....

(Total for Question 3 is 2 marks)

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4 State one reason why a business with a larger margin of safety is generally less risky than a business with a small margin of safety.

.....

(Total for Question 4 is 1 mark)

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5 State two ways a business could improve a period of negative cash flow, such as Month 2 in Bramble Bakery's forecast above.

(Total for Question 5 is 2 marks)

6 Bramble Bakery's cost of sales is its variable (direct) cost of making the loaves. Calculate Bramble Bakery's gross profit margin for the month, as a percentage of revenue. Give your answer to 1 decimal place. Show your working.

(Total for Question 6 is 3 marks)

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Mark scheme · 1.11 Business calculations: revenue, costs and profit: Test Pack

Question 1

B cao **B1**

Answer: B

Question 2

C cao **B1**

Answer: C

Question 3

one acceptable fixed cost, e.g. staff salaries paid on a fixed contract **B1**

a second acceptable fixed cost, e.g. loan repayments, or business insurance premiums, or equipment lease payments **B1**

Answer: Any two, e.g. staff salaries; loan repayments; business insurance; equipment lease payments.

Question 4

sales can fall by more before the business drops below its break-even point (starts making a loss), oe **B1**

Answer: Sales can fall further before the business drops below break-even and starts making a loss.

Question 5

one acceptable method, e.g. negotiate longer payment terms with suppliers, delaying cash outflows **B1**

a second acceptable method, e.g. chase up customers who owe money sooner, or offer a discount for early payment, to bring cash inflows forward; or arrange a short-term overdraft/loan to cover the shortfall **B1**

Answer: Any two, e.g. negotiate longer supplier payment terms; chase early customer payments/offer early-payment discounts; arrange a short-term overdraft.

Question 6

gross profit = 8,750 - 3,750 (= 5,000) seen **M1**

5,000 / 8,750 x 100 seen **M1**

57.1% cao (awrt 57.1%) **A1**

Answer: 57.1% (gross profit margin).

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