Test Player Preview

Identify **one** start-up cost for a business. (1)

Click on **one** of the boxes.

- [ ] Salaries paid to staff in the business
- [ ] Insurance costs for the business
- [ ] Purchase of new machinery
- [ ] Payment of telephone bills

Test Player Preview

Identify **one** source of revenue. (1)

Click on **one** of the boxes.

- [ ] Sales of products to customers
- [ ] Rent paid for shop premises
- [ ] Money paid to suppliers
- [ ] Purchase of new stock

Test Player Preview

Outline what is meant by the term overheads. (2)

Type your answer in the box.

Test Player Preview

Deirdre owns a sandwich shop.
On average she sells 1 748 sandwiches each month.
She sells her sandwiches for an average of £3.75.

Calculate Deirdre's monthly total revenue. (2)

Type your answer in the box.
You **must** show your working.

£

Working box

Show

Previous 4 / 18 Next Marks Exit

Test Player Preview

Identify what a business will do when costs are higher than revenue. (1)

Click on **one** of the boxes.

- [ ] Make a profit
- [ ] Break even
- [ ] Make a loss
- [ ] Become bankrupt

Test Player Preview

Samia owns a shop.

Select **one** current asset that Samia might have. (1)

Click on **one** of the boxes.

- [ ] Shelving and storage used within the shop
- [ ] Money that Samia has used to set up the shop
- [ ] Businesses that Samia owes money to for her stock
- [ ] Customers who owe the shop money for goods bought

Test Player Preview

Ravindra owns a successful cafe.
He wants to expand his product range.
Ravindra hopes this will increase his revenue.

(a) Give **two** other ways Ravindra could spend money to increase his revenue. (2)

Type your answers in the boxes.

(b) Explain how expanding his product range will help to increase Ravindra's revenue. (2)

Type your answer in the box.

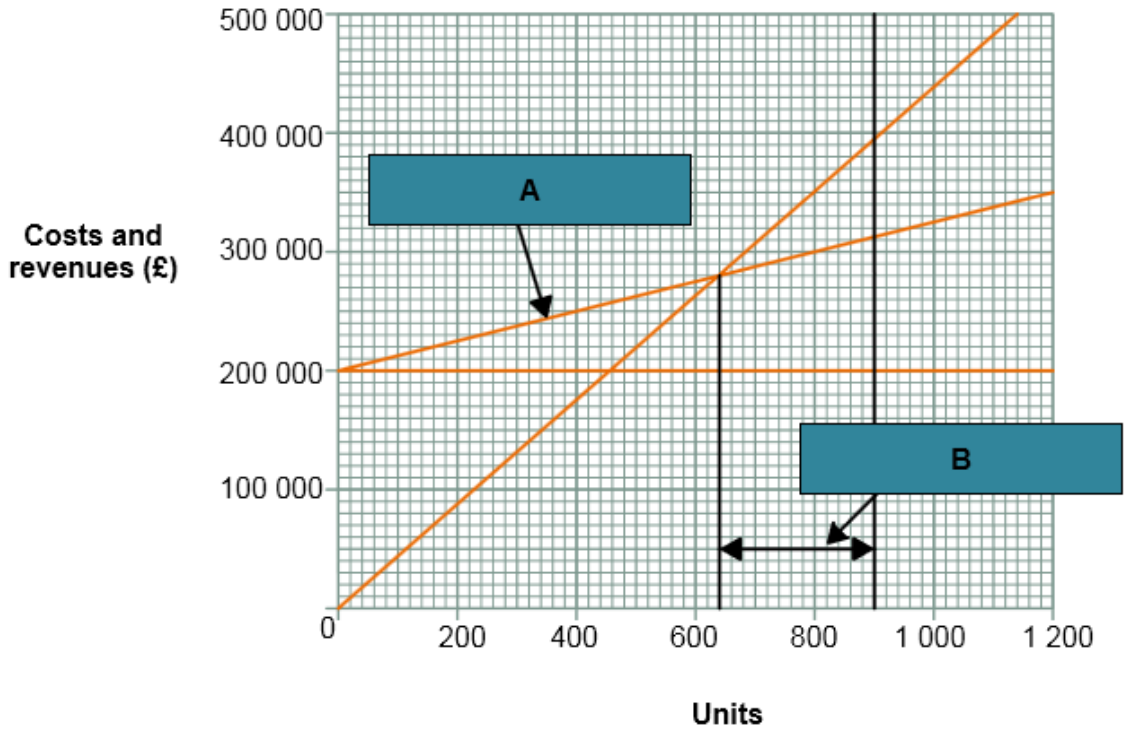
Test Player Preview

The diagram shows a break even chart.

Complete the labels on the break even chart. (2)

Drag and drop the labels onto boxes A and B on the break even chart.

- Total cost
- Area of loss
- Fixed cost
- Total revenue
- Margin of safety



Avril runs a small local business.
She compares her financial performance over the last two years to see how successful her business has been.
The table shows some financial information about Avril's business.

Extract of financial information		
Item	Year 1 (£)	Year 2 (£)
Total sales	52 000	53 000
Gross profit	34 280	35 170
Net profit	17 240	14 360
Fixed assets	12 400	14 250
Current assets	9 420	9 360
Current liabilities	4 200	3 180
Capital employed	17 620	20 430

Discuss the financial performance of Avril's business over the last two years. (8)

Type your answer in the box.

Test Player Preview

(a) State what is meant by the term gross profit. (1)

Type your answer in the box.

The table shows some financial data for a business.

Extract of financial data	
Debtors	£14 758
Sales	£35 943
Overheads	£12 395
Fixed assets	£19 430
Materials	£18 499

(b) Calculate the gross profit figure. (3)

Type your answer in the box.
You **must** show your working.

£

Working box

Test Player Preview

Damon runs a card shop.
Damon has an overdraft for his card shop.

(a) An overdraft is an example of an item in which section of a statement of financial position (balance sheet)? (1)

Click on **one** of the boxes.

- [ ] Long-term liability
- [ ] Current asset
- [ ] Current liability
- [ ] Fixed asset

Damon has purchased some new stock.

(b) This purchase is an example of an item in which section of an income statement (profit and loss account)? (1)

Click on **one** of the boxes.

- [ ] Sales revenue
- [ ] Cost of sales
- [ ] Expenses
- [ ] Gross profit

Test Player Preview

Outline what is meant by budgetary control. (2)

Type your answer in the box.

Test Player Preview

Niall runs a sweet manufacturing business.

Identify **one** overhead for Niall's business. (1)

Click on **one** of the boxes.

- [ ] Wages paid to staff for making sweets
- [ ] Electricity used to run the machinery
- [ ] Raw materials for making sweets
- [ ] Purchasing a new delivery van

Test Player Preview

Howard produces guidebooks for local tourist attractions.
The table shows some financial data for Howard's business.

Extract of financial data	
Rent	£3 360
Salaries	£9 000
Break even output	1 648 guidebooks
Selling price	£9.60

The formula to calculate break even is:

$$\text{Breakeven} = \frac{\text{fixed cost}}{\text{selling price per unit} - \text{variable cost per unit}}$$

Calculate the variable cost per guidebook. (3)

Type your answer in the box.
You **must** show your working.

£

Working box

Test Player Preview

The table shows some information from an income statement (profit and loss account).

Complete the income statement. (2)

Type your answers in the boxes.
You **must** show your working.

Extract from income statement

	£
Sales revenue	
Cost of goods sold	327 643
Gross profit	295 646
Expenses	178 259
Net profit	

Working box

Show

Liam is the owner of a mobile telephone shop.
He has not used break even analysis when making business decisions.
One risk of this is that he may not have set the right price for his mobile telephones.

(a) State **two** other risks of not using break even analysis. (2)

Type your answers in the boxes.

(b) Explain **one** reason why setting the wrong price would be a problem for Liam's business. (2)

Type your answer in the box.

Emily runs a small recording studio.
The table shows an extract from Emily's statement of financial position (balance sheet).

Extract from statement of financial position

	Year 1 (£)	Year 2 (£)	Year 3 (£)
Current assets	23 054	27 693	29 155
Current liabilities	18 596	16 207	13 971
Working capital	4 458	11 486	15 184

Explain **one** issue with the level of working capital. (2)

Type your answer in the box.

Test Player Preview

Sandeep runs a hotel.
He is planning to improve the facilities in the hotel.
These would cost around £12 000 and Sandeep has £8 000 of retained profit.
The table shows an extract from his cash flow forecast.

Extract from cash flow forecast

	March (£)	April (£)	May (£)	June (£)
Opening balance	500	3 030	2 340	-1 180
INCOME				
Room bookings	20 820	18 640	20 370	25 280
Conference bookings	8 750	6 220	2 800	4 720
TOTAL INCOME	29 570	24 860	23 170	30 000
EXPENDITURE				
Utility costs	8 000	8 000	9 000	9 000
Staff wages	8 580	8 580	8 580	8 580
Cleaning costs	7 000	6 000	6 000	7 000
Catering costs	3 460	2 970	3 110	3 960
TOTAL EXPENDITURE	27 040	25 550	26 690	28 540
Net cash flow	2 530	-690	-3 520	1 460
Closing balance	3 030	2 340	-1 180	280

Assess whether Sandeep can afford to make improvements to his hotel. (8)

Type your answer in the box.