

Identify **one** way a business makes money. (1)

Click on **one** of the boxes.

- Paying back a bank loan
- Selling products to customers
- Spending money on a new factory
- Buying materials to make products



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Marks

Exit

Identify **one** example of expenditure. (1)

Click on **one** of the boxes.

Taking out a bank loan

Receiving interest on savings

Selling goods to customers

Spending money on stock



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Outline the meaning of each term. (2)

Type your answers in the boxes.

**Variable costs**

**Loss**

Jasmine has a sweet shop.  
Her total costs for last year were £87 927.  
Her total revenue for last year was £134 259.

Calculate the profit that Jasmine's sweet shop made. (2)

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

£

Working box

Show ▶

Identify **one** example of a cash inflow. (1)

Click on **one** of the boxes.

Buying promotional leaflets

Purchasing raw materials

Selling used machinery

Paying electricity bills

Alex owns a van that he uses to deliver sandwiches to customers.

In which section of his statement of financial position (balance sheet) should Alex's van be shown? (1)

Click on **one** of the boxes.

Capital employed

Working capital

Current assets

Non-current assets

Jill runs a shop selling perfume.  
Perfume sales have seasonal peaks at times such as Christmas and Mothers' Day.  
Perfume has a high profit margin.  
Jill has produced a sales (revenue) budget to help manage her business.

(a) State **two** other budgets that Jill would use to manage her perfume shop. (2)

Type your answers in the boxes.

To help Jill manage her shop she uses budgetary control.  
This means comparing the shop's performance against her planned targets to identify any differences (variances).

(b) Explain **one** way identifying a variance could help Jill to manage her perfume shop business. (2)

Type your answer in the box.

Complete the formula for total cost. (2)

Drag the **two** correct terms into the boxes to complete the formula.

Total marginal cost

Total variable cost

Total operating cost

Total start-up cost

Total fixed cost

Total cost =  +



Malita is a sole trader who owns a small business producing drinks that she sells to local restaurants and bars. Her costs and revenue have changed over a four year period. The table shows some financial information for Malita's business.

**Extract of financial information**

	Year 1	Year 2	Year 3	Year 4
<b>Selling price</b>	£20	£20	£30	£35
<b>Number of sales</b>	500	500	600	500
<b>Variable costs</b>				
Packaging	£1000	£1200	£1500	£2500
Raw materials	£3000	£3800	£7500	£10 000
<b>Fixed costs</b>				
Gas and electricity	£1200	£1200	£1500	£2000
Business rates	£600	£600	£750	£1000
Water	£600	£600	£750	£1000
<b>Break even point</b>	200	240	230	420

Discuss the effects on Malita's business of the changing costs and revenue over the four year period. (8)

Type your answer in the box.

Caroline is a gardener growing fruit and vegetables that she sells at a monthly farmers market. She pays rent for the land and the market stall. Caroline also buys seeds and packaging. She is currently making a loss. Caroline is considering opening a small shop in a local town. She hopes to sell more of her fruit and vegetables to increase her gross profit.

(a) Give **two** other ways Caroline can improve her gross profit. (2)

Type your answers in the boxes.

By opening a small shop, Caroline expects to sell more fruit and vegetables.

(b) Explain why opening a shop might not increase Caroline's net profit. (2)

Type your answer in the box.

Identify **two** internal sources of finance. (2)

Click on the **two** of the boxes.

Retained profits from sales

Leasing a piece of machinery

Bank loan taken to pay for a shop

Sale of fixed assets no longer used

Offering shares for sale to investors



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Tamsin owns a window cleaning business.  
She charges £6.80 to clean the windows of a house.  
In the last month she cleaned the windows of 645 houses.

Calculate Tamsin's total revenue for the last month. (2)

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

£

Working box

Show ▶

Identify what happens when the income for a business is higher than its expenditure. (1)

Click on **one** of the boxes.

It does not achieve break even

It increases fixed assets

It makes a profit

It has a negative cash flow

Simone is a market trader selling scarves. The image shows Simone's breakeven chart.

(a) How many scarves does Simone have to sell to break even? (1)

Type your answer in the box.

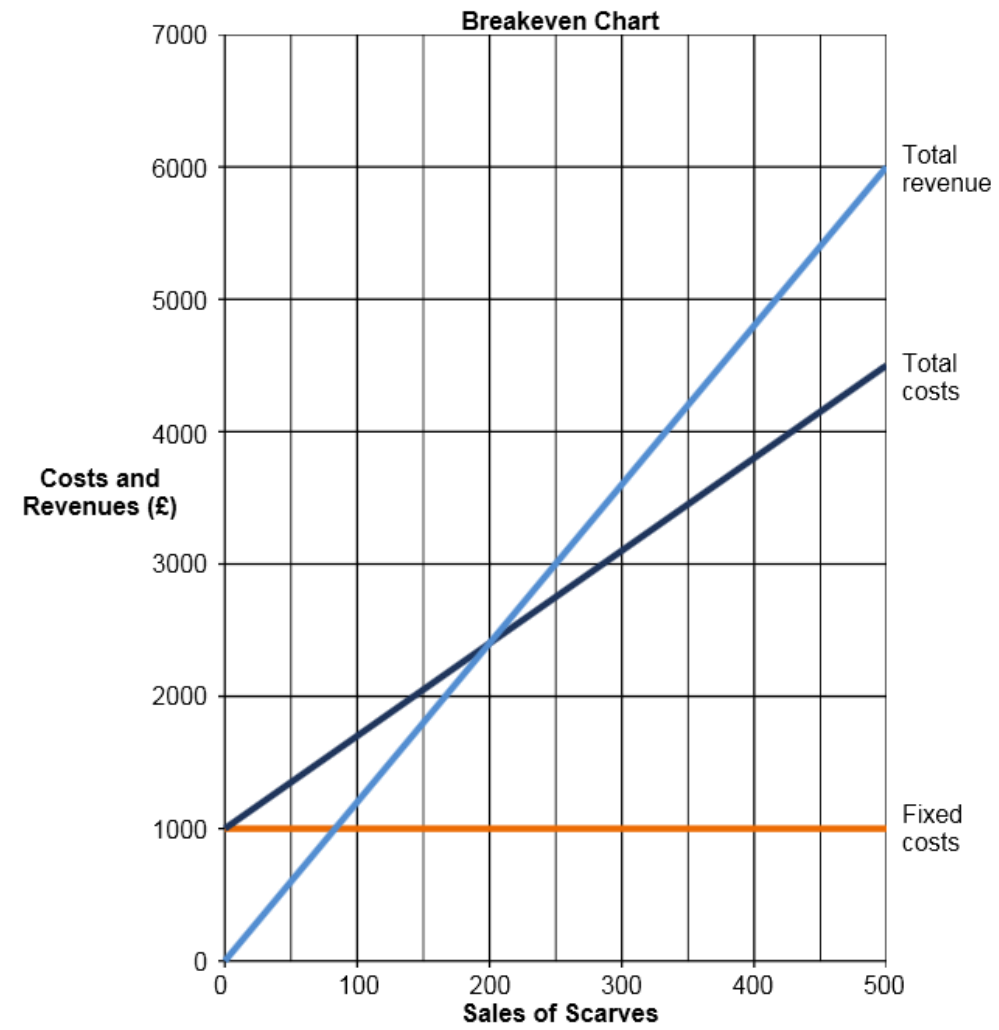
Simone sold 430 scarves on her stall last month.

(b) Calculate Simone's margin of safety. (2)

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

Working box

[Show](#)



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

Complete the income statement. (2)

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

**Extract from income statement**

	£
Sales revenue	273 945
Cost of goods sold	119 876
<b>Gross profit</b>	<b>154 069</b>
Electricity	<input type="text"/>
Staff wages	27 462
Other expenses	18 439
<b>Net profit</b>	<b>98 490</b>

Working box

Show ▶

Kurt is about to start up his own business.  
He has been advised to produce a cash flow forecast.  
One purpose of doing this is to enable him to forecast his net cash flow for each month.

(a) Give **two** other purposes of producing a cash flow forecast. (2)

Type your answers in the boxes.

One purpose of creating a cash flow forecast is to enable Kurt to forecast his net cash flow for each month.

(b) Explain why being able to forecast net cash flow would be helpful for the survival of Kurt's new business. (2)

Type your answer in the box.



Jon sells second hand cars.  
The table shows some financial information about the performance of Jon's business over a three year period.

**Extract of financial information**

	Year 1	Year 2	Year 3
Cars sold	120	180	200
Total revenue	£240 000	£270 000	£280 000
Total costs	£120 000	£225 000	£240 000

Jon is concerned about the change in his profits.

Outline **one** reason why Jon might be concerned about these figures. (2)

Type your answer in the box.

Rhonda would like to invest £15 000 in a business. The table shows some financial information that Rhonda has gathered about two businesses.

**Extracts of financial information**

	<b>Business A</b>	<b>Business B</b>
	<b>£</b>	<b>£</b>
Sales revenue	95 500	88 000
Gross profit	48 500	52 250
Net profit	6600	5000
Fixed assets	94 000	48 000
Working capital	9300	13 200
Capital employed	65 300	61 200

Assess which business would be the best investment for Rhonda. (8)

Type your answer in the box.