

2.4.1 Edexcel Business

Edexcel GCSE Business

2.4.1 Business calculations (1)

Multiple Choice Question Test Bank

MCQ Test 1

This MCQ test contains 13 questions covering the specification content for 2.4.1: Business calculations (1)

Instructions:

- **There are 13 questions in this test.**
- **Your teacher will determine how long you have to complete this test and under what conditions.**
- Only **one** answer per question is allowed for **questions 1-11 inclusive.**
- **Two** answers should be selected for questions **12 and 13.**
- For each answer, completely fill in the circle alongside the appropriate answer(s).
- If you want to change your answer, you must cross out your original answer.
- If you wish to return to an answer previously crossed out, ring the answer you now wish to select.

0 1 Which of the following is the correct formula to calculate a firm's net profit margin?

- A Net profit/sales revenue
- B Sales revenue/net profit
- C Net profit/sales revenue x 100
- D Sales revenue/net profit x 100

[1 mark]

0 2 Which of the following best describes the proportion (%) of revenue left over after the cost of sales have been paid by the business?

- A Net profit margin
- B Gross profit margin
- C Net profit
- D Gross profit

[1 mark]

0 3 Which of the following is the correct formula to calculate gross profit?

- A Sales revenue – total overheads
- B Sales revenue + total overheads
- C Sales revenue – cost of sales
- D Sales revenue + cost of sales

[1 mark]

0 4 An extract from a firm’s accounts for last year is shown in the table below:

	Last year (£)
Sales revenue	85,500
Cost of sales	30,250
Other operating expenses and interest	15,000

Based on this information, which of the following is the correct gross profit margin for last year?

- A 17.54%
- B 35.38%
- C 47.08%
- D 64.62%

[1 mark]

0 5 Which of the following statements is true if the sales revenue and cost of sales of a business remain the same as last year, but other operating expenses and interest payments increase this year?

- A Gross profit will increase this year
- B Gross profit will decrease this year
- C Net profit will increase this year
- D Net profit will decrease this year

[1 mark]

0 6 Which of the following needs to be subtracted from gross profit to calculate a firm’s net profit?

- A Cost of sales
- B Overheads
- C Interest
- D Other operating expenses and interest

[1 mark]

0 7 Which of the following is the correct formula to calculate a firm's gross profit margin (%)?

- A Gross profit/sales revenue
- B Sales revenue/gross profit
- C Gross profit/sales revenue x 100
- D Sales revenue/gross profit x 100

[1 mark]

0 8 The following information was provided for a business for last year:

	Last year (£'000s)
Sales revenue	1,000
Cost of sales	275
Other operating expenses and interest	400

Based on this information, which of the following is the correct gross profit for last year?

- A £325,000
- B £725,000
- C £1,275,000
- D £1,675,000

[1 mark]

0 9 Which of the following best describes the proportion (%) of revenue left over after the business has paid all direct and indirect costs?

- A Net profit margin
- B Gross profit margin
- C Net profit
- D Gross profit

[1 mark]

1 0 An extract from a firm's accounts for last year is shown in the table below:

	Last year (£)
Sales revenue	625,000
Cost of sales	125,000
Other operating expenses and interest	280,000

Based on this information, which of the following is the correct net profit margin for last year?

- A 35.2%
- B 44.8%
- C 64.8%
- D 80.0%

[1 mark]

1 1 An extract from a firm's accounts for last year is shown in the table below:

	(£)
Cost of sales	150,000
Other operating expenses and interest	40,000
Sales revenue	250,000

Based on this information, which of the following is the correct net profit for last year?

- A £60,000
- B £100,000
- C £290,000
- D £400,000

[1 mark]

1 2 Which **two** of the following need to be subtracted from gross profit to calculate the net profit of a business?

- A Interest
- B Cost of sales
- C Other operating expenses
- D Turnover
- E Sales revenue

[2 marks]

1 3 Which **two** of the following could potentially cause an increase in net profit?

- A Increase in sales revenue
- B Decrease in sales revenue
- C Increase in other operating expenses and interest
- D Decrease in other operating expenses and interest
- E Increase in cost of sales

[2 marks]

ANSWERS TO THIS MCQ TEST

Q	CORRECT
1	C
2	B
3	C
4	D
5	D
6	D
7	C
8	B
9	A
10	A
11	A
12	A,C
13	A,D