

A-Level Business

Name: _____ Score: _____

1. Revenue is 250 and cost of sales is 160. What is the gross profit?

2. Depreciation spreads the cost of a:
 - ☐ non-current asset over its useful life
 - ☐ current asset over one month
 - ☐ loan over its term
 - ☐ wage over a year
3. Gross profit is 90 and revenue is 300. What is the gross profit margin (%)?

4. Cost of sales is 240 and average inventory is 40. What is the inventory turnover (times)?

5. An investment costs 24,000 and returns net cash of 6,000 a year. What is the payback period (years)?

6. To interpret a ratio, it is most useful to compare it with:
 - ☐ past years, competitors and targets
 - ☐ nothing — the number stands alone
 - ☐ the weather
 - ☐ the CEO's salary
7. Gross profit is 90 and expenses are 55. What is the operating profit?

8. Which decisions can financial analysis inform? (Select all that apply.)
 - ☐ which products to keep or drop
 - ☐ whether to invest or expand
 - ☐ how to fund growth (debt vs equity)
 - ☐ tomorrow's weather

Tick every correct option.

9. On the statement of financial position, total assets always equal:

- ☐ liabilities plus equity
- ☐ revenue
- ☐ gross profit
- ☐ cost of sales

10. Depreciation reduces profit but is not a cash outflow in that year.

- ☐ True ☐ False

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1. **90**

Gross profit = $250 - 160 = 90$.

2. **non-current asset over its useful life**

Depreciation applies to long-lived non-current assets.

3. **30**

$90 \div 300 \times 100 = 30\%$.

4. **6**

$240 \div 40 = 6$ times a year.

5. **4**

$24,000 \div 6,000 = 4$ years.

6. **past years, competitors and targets**

Ratios mean little without comparison.

7. **35**

Operating profit = $90 - 55 = 35$.

8. **which products to keep or drop; whether to invest or expand; how to fund growth (debt vs equity)**

Financial data guides product, investment and funding choices.

9. **liabilities plus equity**

Assets = liabilities + equity — the balance sheet balances.

10. **True**

The cash left when the asset was bought; depreciation is a non-cash charge.