

Quarter 2: Autumn



Question 1

The 'Cost of Sales' is the cost of stock you sold (or otherwise used up) during the period. They are the costs which are directly related to the products or services you sell.

Which of these is **NOT** a correct way of calculating Cost of Sales?

- A Opening stock plus Purchases less Closing Stock
- B Ex VAT Sales less Gross Profit
- C Closing Stock plus Purchases less Opening Stock
- D Purchases plus decrease in Stock

Question 2

Which of these is the correct order in which these items appear on a Profit and Loss Account?

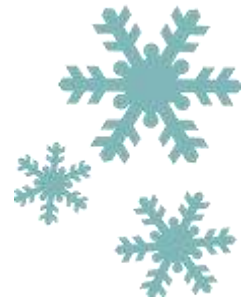
- A Sales, Cost of Sales, Overheads, Gross Profit
- B Revenue, Gross Profit, Overheads, Interest
- C Turnover, Overheads, Operating Profit, Gross Profit
- D Sales, Overheads, Cost of Sales, Operating profit

Question 3

If a VAT-registered business buys a new computer for £600 plus VAT and spends a further £100 plus VAT on a one-year software licence, what depreciation will it charge in each of the four years of its life? The VAT rate is 20%.

- A £150
- B £175
- C £180
- D £210

Quarter 3: Winter



Question 4

Which of these items would **NOT** be depreciated in the accounts of a supermarket?

- A Vehicles
- B Computer equipment
- C Furniture
- D Stock

Question 5

If you want to convert a gross figure to a net figure and the VAT rate is 20% you should:

- A Divide by 0.8
- B Multiply by 0.8
- C Divide by 1.2
- D Multiply by 1.2

Question 6

A business had £14,000 stock on January 1st. During January it sells stock at a 30% margin that it had bought for £118,000 and it buys stock for £122,000. A stocktake on January 31st shows a stock level of £15,000. How much shrinkage was there during the month?

- A £5,200
- B £5,000
- C £4,000
- D £3,000

Quarter 4: Spring



Question 7

If a pub has hotel revenue of £10,000, a margin of 62% on its drink sales of £80,000 and a margin of 68% on its food sales of £25,000, what is its weighted average margin across all three revenue streams?

- A 78.00%
- B 66.61%
- C 65.33%
- D 60.31%

Question 8

A pub's 66% gross margin is higher than its rivals in the market. Which of the following can NOT be deduced from this?

- A The pub's Gross Profit is nearly two thirds of its Sales figure
- B The pub spends about 34p in every pound of Sales on stock
- C The weighted average margin of each of its revenue streams is 66%
- D The pub makes more Gross Profit than its rivals in the market

Question 9

Which of these would **NOT** affect the gross margin % of a business?

- A Increase in business rates
- B Increase in cost prices
- C Increase in stock wastage
- D Change in your sales mix between different product areas



Quarter 5: Summer

Question 10

Which of these does **NOT** represent a cost to the business in arriving at the final profit figure?

- A Corporation Tax
 - B Employer's National Insurance
 - C Dividends
 - D Irrecoverable VAT
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Question 11

Which of these is **NOT** an example of the Matching Principle being applied?

- A Depreciating long-term capital items over their estimated lives
 - B Calculating prepayments for insurance policies paid upfront
 - C Accruing for energy used where the invoice has not yet been received
 - D Making provisions against debts that may go bad
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Question 12

Which of these pub names is the most popular in the UK?

- A The Green Man
 - B The Red Lion
 - C The White Hart
 - D The Black Horse
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