

Quarter 2: Autumn (The Profit & Loss Account)



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?

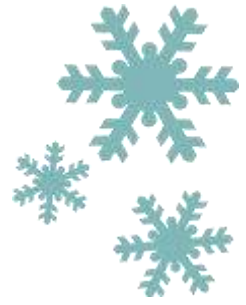
- A Sales, Cost of Sales, Overheads, Gross Profit
- B Revenue, Gross Profit, Overheads, Interest
- C Turnover, Overheads, Operating Profit, Gross Profit
- D Sales, Overheads, Cost of Sales, Operating profit

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 (The Balance Sheet)



Question 4

Which of these items would **NOT** be included among the Fixed Assets of a supermarket?

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

Question 5

Which of these would **NOT** be among the assets on a professional firm's Balance Sheet?

- A Computers
- B Prepayments
- C Staff
- D Debtors

Question 6

Which of these would **NOT** be shown as a liability on the Balance Sheet of a manufacturer?

- A Loan Capital
- B Accruals
- C Overdrafts
- D Debtors

Quarter 4: Spring (Ratios)



Question 7

Which of the following would be expected to cause the amount of money tied up on a company's Balance Sheet to increase – or which is 'bad news' from a cash management point of view?

- A Reducing stock days
- B Reducing creditor days
- C Reducing debtor days
- D Paying a dividend

Question 8

Which of these would cause a company's gearing to be reduced?

- A Taking out a bank loan
- B A reduction in interest rates
- C Reducing the stock level
- D Issuing more shares

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 (General)

Question 10

Which of these would **NOT** appear as a source of funding in the bottom half of a company's Balance Sheet?

- A Reserves
- B Loan Capital
- C Working Capital
- D Share Capital

Question 11

Which of these calculations represents the Working Capital of a business?

- A Total Assets less Total Liabilities
- B Total Assets less Current Liabilities
- C Current Assets less Total Liabilities
- D Current Assets less Current Liabilities

Question 12

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

- A Depreciating long-term fixed assets
- B Making provisions against bad debts
- C Accruing for energy used where the invoice has not been received
- D Calculating prepayments for insurance policies