ENGLAND GCSE BUSINESS OCR · UNIT 4 · 25 QUESTIONS

Finance and the Interdependent Business — Practice Test

This practice test was made by AI and there may be mistakes. If a question or answer looks wrong, use the Flag a mistake button so it can be fixed.

1 **A bakery borrows £8,000 from a bank at 10% interest a year. The interest paid in one year is**

- A £8,800
- B £8,000
- C £850
- D £800

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2 **Sales at a clothes shop rose from 150 to 180 units. The percentage increase is**

- A 20%
- B 200%
- C 40%
- D 25%

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3 **A smartphone shop has revenue of £34,000 and total costs of £26,000. Its profit is**

- A £80,000
- B £60,000
- C £8,000
- D £8,500

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4 **A business office has fixed costs of £7,000 and variable costs of £7 per unit. It makes 600 units. Total costs are**

- A £112,000
- B £7,007
- C £4,204,200
- D £11,200

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5 **A laptop shop sells 180 laptops at £8 each. Total revenue is**

- A £1,840
- B £1,440
- C £14,400
- D £1,260

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6 **A market stall has revenue of £23,000 and total costs of £16,000. Its profit is**

- A £70,000
- B £7,500
- C £39,000
- D £7,000

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7 **Fixed costs are £12,000, the selling price is £26 and variable cost per unit is £14. Break-even output is**

- A 1,000 units
- B 857 units
- C 461 units
- D 10,000 units

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8 **A business has revenue of £5,000 and total costs of £15,000. Its loss is**

A £10,000

B £100,000

C £10,500

D £20,000

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9 **A business invests £40,000 in new equipment. It expects an average profit of £10,000 each year. The average rate of return is**

A 25%

B 50%

C 30%

D 75%

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10 **Break-even output is 1,000 units and a business actually sells 1,150 units. Its margin of safety is**

- A 1,500 units
- B 150 units
- C 1,150 units
- D 1,000 units

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11 **In one month a business has cash inflows of £12,000 and cash outflows of £6,000. Its net cash flow is**

- A £12,000
- B £18,000
- C £6,000
- D £60,000

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12 **How can a business improve cash flow?**

- A By holding more stock
- B By giving customers longer to pay
- C By asking customers to pay sooner
- D By paying suppliers sooner

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13 **Total costs are £60,000 for 600 units. Average unit cost is**

- A £100
- B £600
- C £60,000
- D £1,000

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14 **A business borrows £5,000 at 5% interest a year. The interest paid in one year is**

- A £5,000
- B £5,250
- C £300
- D £250

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15 **A garden centre sells 100 plants at £30 each. Total revenue is**

- A £4,500
- B £3,000
- C £2,900
- D £30,000

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16 **Gross profit is £5,000 and revenue is £25,000. Gross profit margin is**

A 80%

B 40%

C 30%

D 20%

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17 **A business starts the month with £5,000. Cash inflows are £12,000 and cash outflows are £4,000. Its closing balance is**

A £21,000

B £130,000

C £13,000

D £17,000

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18 **What is break-even output?**

A The output where sales are highest, in certain situations

B The output where total revenue equals total costs

C The output where profit is highest

D The output where costs are lowest

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19 **A business has revenue of £20,000 and total costs of £8,000. Its profit is**

A £12,000

B £28,000

C £12,500

D £120,000

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20 Why might a new business use retained profit?

- A It can raise large amounts quickly, in certain situations
- B It never runs out
- C Banks always prefer it
- D It is free and does not need repaying

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21 What is a non-current asset?

- A Cash in the till
- B Stock to be sold soon
- C Something owned for a long time, such as a building
- D Money owed by customers, which happens in some businesses

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22 **A business has fixed costs of £10,000 and variable costs of £4 per unit. It makes 400 units. Total costs are**

A £10,004

B £11,600

C £116,000

D £4,001,600

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23 **Why is business decision making complex?**

A Decisions never affect other areas, in certain situations

B Many factors interact and trade-offs are needed

C There is always one right answer

D The future is always certain

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24 **Net profit is £5,000 and revenue is £50,000. Net profit margin is**

A 20%

B 90%

C 15%

D 10%

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25 **Fixed costs are £10,000, the selling price is £39 and variable cost per unit is £14. Break-even output is**

A 400 units

B 4,000 units

C 714 units

D 256 units

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ANSWER KEY

1. D
2. A
3. C
4. D
5. B
6. D
7. A
8. A
9. A
10. B
11. C
12. C
13. A
14. D
15. B
16. D
17. C
18. B
19. A
20. D
21. C
22. B
23. B
24. D
25. A

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