



Retired Onscreen Test Version 2 Unit 2: Finance for Business

BTEC Firsts Level 1/2 in Business

Introduction



This retired onscreen test has been made available to centres to help you prepare your learners for their BTEC Firsts Level 1/2 external assessments.

We recommend that you use this test as a written assessment which is then either teacher marked or peer assessed.

This retired test should be used in conjunction with the Mark Scheme and the Lead Examiner's Report to clearly identify the assessment requirements. These documents are available at:

<http://qualifications.pearson.com/en/qualifications/btec-firsts/business-2012-nqf.coursematerials.html#filterQuery=category:Pearson-UK:Category%2FExternal-assessments>

Retired Test Development



We are currently working towards a simulation test where mock onscreen tests can be taken in a real environment. However as this is being developed, we have temporarily created these PowerPoint based tests to support you.

How can I view the videos in the test?

This document has been produced using screen captures of the retired onscreen test. As such, videos are not available in this PowerPoint document. This document should be used in conjunction with the retired onscreen test which is available on the website:

<http://qualifications.pearson.com/en/qualifications/btec-firsts/business-2012-nqf.coursematerials.html#filterQuery=category:Pearson-UK:Category%2FExternal-assessments>

How can I see the drop down menus in the test?

Where a drop down menu may obscure information the learner requires to answer a question, we have instead supplied a text box containing the options from the drop down menu. To view drop down menus please use the retired onscreen test.

Question 1/18



Identify **one** example of a variable cost for a sandwich shop. (1)

Click on **one** of the boxes.

Paying rent

Till to record sales

Heating and lighting

Purchase of inventory (stock)

Question 2/18



Identify **one** example of a cash inflow. (1)

Click on **one** of the boxes.

Stock purchases

Electricity payment

Salaries paid to employees

Interest gained from savings

Question 3/18



Jeremy owns a small car repair business.
In the last month he paid £1245 for car parts.
He also paid an assistant mechanic £460 in wages.
His rent for the month was £3200.

Calculate the monthly total cost for Jeremy's business. (2)

Type your answer in the box.
You **must** show your working.

£

Working box

A large rectangular box with a dark grey border, intended for showing the student's working. It has a title bar at the top left that says 'Working box' and a small 'Show' button with a right-pointing arrow at the bottom right.

Show ▶

Question 4/18



Ed owns a small business selling plants.
The price of a plant is £4.50.
In the last month he has sold 1400 plants.

What is Ed's revenue for the last month? (2)

Type your answer in the box.
You **must** show your working.

£

Working box

Show ▶

Question 5/18



William is a self-employed cleaner.
He regularly buys cleaning materials.

William's cleaning materials are an example of which type of cost? (1)

Click on **one** of the boxes.

Fixed cost

Direct cost

Indirect cost

Start-up cost

Question 6/18



Ashleigh runs a designer pottery business.
She has worked out that she needs to sell 120 products per month to break even.

Complete the sentence about Ashleigh's business. (1)

Complete the sentence by selecting the correct answer from the drop down menu.

Ashleigh's business will if she sells less than 120 products.

- make a profit
- cover her start-up cost
- make a loss
- have a margin of safety

Question 7/18



Anita buys items from online auction sites.
She sells these items in her shop at a higher price.
Her business is located in a quiet street and she pays average overheads.
Anita checks her monthly sales and cost figures for the first time and finds she has made a loss.
She decides to move to a busier location.

(a) Give **two** other actions Anita could take to avoid making a loss in the future. (2)

Type your answers in the boxes.

(b) Describe how moving to a busier location could help Anita avoid making a loss in the future. (2)

Type your answer in the box.

Question 8/18



Identify **two** fixed costs for a beauty salon. (2)

Click on the **two** correct fixed costs.

Salary for employee

Laundry expenses

Sales of make-up

Rent paid for shop

Purchase of make-up for resale

Question 9/18



Sarah runs a small cafe.
She bakes many of the pastries and cupcakes herself.
The table shows Sarah's income statement (profit and loss account) for the last two years.
This information could be used to measure changes in the performance of her business.

Discuss whether Sarah should be pleased with the changes in the performance of her business. (8)

Type your answer in the box.

Income statement

	Year 1	Year 2
	£	£
Revenue	25 000	26 000
Cost of sales	16 000	17 000
Gross profit	9000	9000
Expenses		
Wages	4000	3100
Other expenses	3000	3300
Net profit	2000	2600

Question 10/18



Azhar wants to expand his business.
He is considering using a bank loan to fund the expansion.

(a) Give **two** other external sources of finance. (2)

Type your answers in the boxes.

When applying for the loan Azhar has been asked to provide an expenditure budget.

(b) Explain **one** way an expenditure budget will help Azhar to obtain a bank loan. (2)

Type your answer in the box.

Question 11/18



(a) Identify **one** source of revenue for a business. (1)

Click on **one** of the boxes.

Rent payable

Purchase of materials

Rent received

Purchase of equipment

(b) Complete the formula for net profit. (1)

Complete the formula by selecting the correct term from the drop down menu.

Net profit = expenditure

Question 12/18



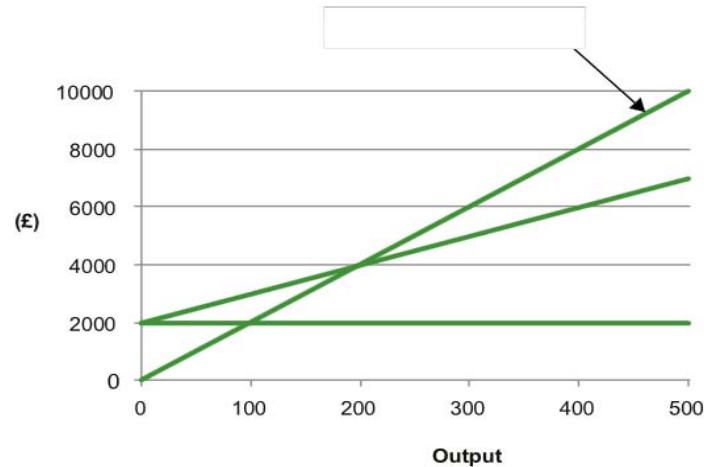
Fatima runs a bike repair business.
She has produced a breakeven chart.

(a) How many bikes does Fatima need to repair to break even? (1)

Type your answer in the box.

(b) Complete the label on the chart. (1)

Type your answer in the box on the chart.



Question 13/18



Which statement describes a current liability for a manufacturing business? (1)

Click on **one** of the boxes.

- A bill that the business has to pay within a year
- A bill that the business has more than a year to pay
- A cost linked directly to the manufacturing of the product
- A cost not linked directly to the manufacturing of the product

Question 14/18



Pascal is about to set up his own small manufacturing business. He has been advised that he should produce a cash flow forecast. One benefit to Pascal of a cash flow forecast is that he can identify times when he would not have enough cash to pay bills.

(a) State **one** other benefit to Pascal's manufacturing business of producing a cash flow forecast. (1)

Type your answer in the box.

(b) Explain **one** reason why using a cash flow forecast to identify times when the manufacturing business would not have enough cash to pay bills will help Pascal. (2)

Type your answer in the box.

Question 15/18



Alex owns a shop.
There are two types of profit on Alex's income statement (profit and loss account).
The table shows an extract from the income statement.

Income statement extract

Item	£
Revenue	40 000
Cost of sales	10 000
Gross profit	30 000
Other expenses	29 000
Net profit	1000

Outline **one** reason why net profit is more important than gross profit to Alex. (2)

Type your answer in the box.

Question 16/18



Billy is planning to set up a new shop selling a range of gifts.
He has undertaken a breakeven analysis.
Billy knows that there are limitations to the use of breakeven analysis as a planning tool.
One limitation of a breakeven analysis is that it applies to only one product.

(a) Give **two** other limitations of breakeven analysis. (2)

Type your answers in the boxes.

A breakeven analysis applies to only one product.

(b) Explain **one** reason why this is a limitation of breakeven analysis. (2)

Type your answer in the box.

Question 17/18



Rachel owns a furniture manufacturing business.
The business has been successful over a number of years but recently profits have decreased.
Rachel is introducing a system of budgeting into the business to improve its performance.
Key areas that she wishes to control include her materials costs and staff wages.

Outline **one** way that a materials budget will help Rachel manage the performance of her business. (2)

Type your answer in the box.

Question 18/18



Quentin is a partner in a fast food business called EazyFood. He is concerned by the information in his statement of financial position (balance sheet). The table shows some information from Quentin's statement of financial position.

Statement of financial position

	£
Fixed assets	14 600
Current assets	
Trade receivables (debtors)	2000
Cash	3500
Inventory (stock)	3000
Current liabilities	
Trade payables (creditors)	8000
Overdraft	2200
Net current liabilities	-1700
Total assets	12 900
Financed by	
Partner's capital	6000
Retained profit	6900
Total capital	12 900

Evaluate the possible actions Quentin could take to address the issues within the statement of financial position. (8)

Type your answer in the box.