Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**21. Profit Mark: /24**

1. Rora Ltd is a tyre and exhaust centre. The table below shows data for month 1 of the financial year.

|  |  |  |  |
| --- | --- | --- | --- |
| Total sales | Cost of sales (direct costs) | Average expenses per customer | Number of customers |
| £225 000 | £75 000 | £35 | 1 500 |

* 1. What is Rora Ltd’s gross profit for month 1? /2 marks

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* 1. What is Rora Ltd’s gross profit margin for month 1? /3 marks

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* 1. What is Rora Ltd’s operating profit (profit from operations)? /2 marks

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* 1. What is Rora Ltd’s operating profit margin (profit from operations)? /3 marks

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1. Fawcett & Sons Ltd is a manufacturer of tractors. Use the information listed below to complete the key financial data table. /14 marks

* Sales revenue in year 1 £21.2m
* Sales revenue in year 2 was 10% higher than year 1
* Cost of sales in year 1 30% of sales revenue
* Cost of sales in year 2 28% of sales revenue
* Expenses in year 1 £10.3m
* Operating profit in year 2 £11.1m
* Interest and taxation in year 1 and year 2 20% of operating profit

|  |  |  |
| --- | --- | --- |
| Key financial data for Fawcett and Sons Ltd | Year 1 | Year 2 |
| Sales revenue |  |  |
| Cost of sales |  |  |
| Gross profit |  |  |
| Expenses |  |  |
| Operating profit |  |  |
| Interest and taxation |  |  |
| Profit for the year |  |  |

What is the difference between profit and profitability?