

Name: _____ Class: _____

Date Taken: _____ Total Possible Marks: 26



Gross Profit Basics

Complete the following questions in the time allowed by your teacher

QUICK DEFINITIONS

Write a short, accurate definition for each of the following key terms. (2 marks for each good quality definition)

$\frac{-}{2}$ 1. Define: sales revenue

$\frac{-}{2}$ 2. Define: cost of sales

$\frac{-}{2}$ 3. Define: Gross profit margin

$\frac{-}{2}$ 4. What is the formula for the gross profit margin?

PRACTICE CALCULATIONS

Monthly Data - March	Product A	Product B	Product C	Product D
Sales revenue	50,000		60,000	36,000
Cost of Sales		60,000	42,000	23,400
Gross profit	12,500	15,000		12,600
Gross profit margin	25.0%	20.0%	30.0%	

— 5. Calculate the missing data in the table above:
4

Product A: Cost of Sales =

Product B: Sales Revenue =

Product C: Gross Profit =

Product D: Gross Profit Margin =

Factory	Leeds	Glasgow	Ipswich
Revenue	150,000	260,000	327,500
Cost of Sales	127,500	202,800	268,550
Gross profit	22,500	57,200	58,950
Gross profit margin			

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- 6. The table above shows some financial information for three factories from their monthly
3 production.

Which factory made the highest gross profit? (one mark)

Which factory achieved the highest gross profit margin (one mark) and what was the percentage?
(one mark)

SHORT ANSWERS

In this section, please outline short answers or lists to the questions provided

- 7. List up to four items that would be likely to be included in cost of sales for a manufacturer of motor
4 vehicles (one mark for each different, valid item listed)

A. _____
B. _____
C. _____
D. _____
E. _____
F. _____

- 8. Outline three ways in which a business might use the gross profit margin (one mark for each valid
3 use)

A. _____
B. _____
C. _____
D. _____

— 9. List up to four ways in which a business might be able to improve its gross profit margin (one mark
4 for each valid suggestion)

- A. _____
- B. _____
- C. _____
- D. _____
- E. _____
- F. _____
- G. _____