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Practice exam questions

Old bicycles and new cars

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Check your answers to the question on pp. 10–11 of the magazine. This question relates to the AQA specification.

Sample answer

Operating profit/capital employed $\times 100$ (1)

Calculation of operating profit: $11,994\text{m} - 8,358\text{m} = 3,636\text{m}$ (1)

Calculation of capital employed: $18,480\text{m} - 703\text{m} = 17,777\text{m}$ (1)

Calculation of ROCE: $3,635/17,777 \times 100 = 20.45\%$ (1)

Sample examiner comment

Mark: 4/4

(1) 1 mark for correctly showing the formula for ROCE.

(2) 1 mark for correctly calculating operating profit for 2022.

(3) 1 mark for correctly calculating capital employed for 2022. Note: as shareholder funds are negative, these are correctly deducted from non-current liabilities.

(4) 1 mark for correctly calculating the 2022 return on capital employed.

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