

Level 3 taster

Finance

Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Write a definition of profit here:

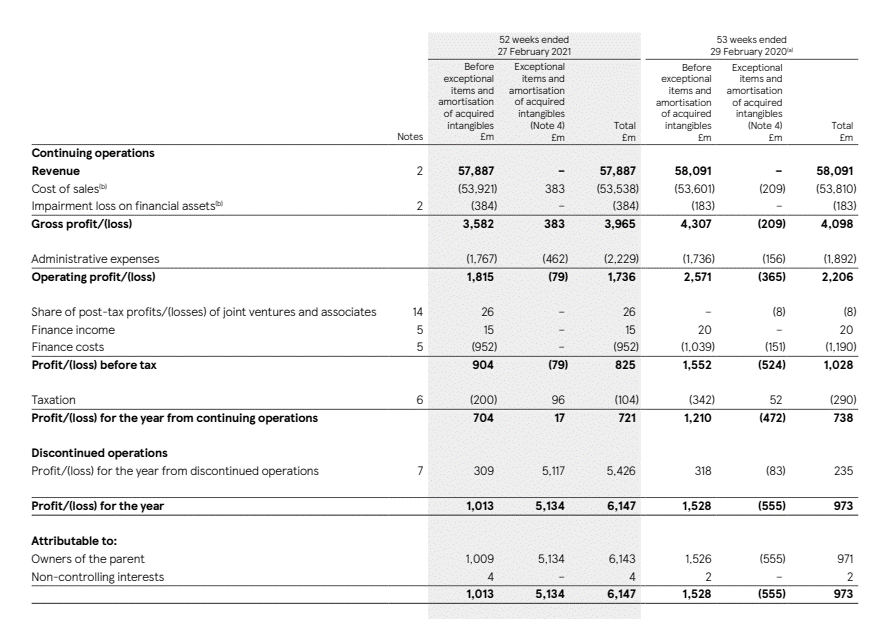
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Statement of comprehensive income

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[](https://www.tescoplc.com/media/757589/tesco_annual_report_2021.pdf)

Gross profit formula – write that here:

* Use the Statement of Comprehensive Income (SOCI) for Tesco PLC to calculate their gross profit (GP) figure for 2021 and 2020
* You can read this from their SOCI or make the calculation
* **Use the total figures**

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| **2020** |  |
| 2021 |  |

Conclusions

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Operating profit formula – write that here:

* Use the Statement of Comprehensive income for Tesco PLC to calculate their Operating Profit (OP) figure for 2021 and 2020
* **Use the total figures**

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| **2020** |  |
| 2021 |  |

Conclusions:

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Net profit formula – write that here:

* Read the: total comprehensive income (expenses) for the period in 2021 and 2020 – total figures – this is the Net Profit (NP) figure for Tesco PLC

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| **2020** |  |
| 2021 |  |

Conclusions:

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[](https://www.tescoplc.com/media/757596/lhp-report-2021.pdf)How the statement of comprehensive income helps to measure profitability:

* A business that is profitable will be able to reward its investors with a return on their investment e.g. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ paid on shares
* A business that is not profitable will not last long unless \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ changes are made
* The statement of comprehensive income helps \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, owners and investors to know how the business is doing by measuring the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

What is a profit margin?

* The profit margin calculations compare profits to sales and show how well the business is handling its finances:
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_shows profit remaining after deducting the goods bought to sell
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ shows the earnings from operating activities
  + \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ shows the total profit that can be gained from sales and allows the business to compare itself to its competitors e.g. Tesco and Sainsbury’s

Gross profit margin % – write the formula here:

* Use the GP figure from the Tesco Statement of Comprehensive Income (SOCI) PLUS use the total revenue figure from the statement
* Don’t forget to multiply your result by 100 to get a %
* Show your answer to 2 decimal places

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| **2020** |  |
| 2021 |  |

Conclusions:

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Operating profit margin % – write the formula here:

* Use the Operating Profit figure from the SOCI and the sales revenue total from the statement
* Express your answer as a % to two decimal places

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| **2020** |  |
| 2021 |  |

Conclusions:

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Net profit margin % – write the formula here:

* Use the Net Profit (NP) profit figure from the Tesco SOCI and the sales revenue totals from the statement to make your calculation
* Express your answer as a % to two decimal places

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| **2020** |  |
| 2021 |  |

Conclusions:

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Ways to improve profitability:

**Increase revenue**



**Reduce costs**

Profit vs cash

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| --- | --- |
| Profit | Cash |
|  |  |