

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCSE

Applied Business

Unit 2: Financial Records

Wednesday 12 January 2011 – Morning

Time: 1 hour

Paper Reference

5AB02/01

You do not need any other materials.

Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** the questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 60.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*
- Questions labelled with an **asterisk** (*) are ones where the quality of your written communication will be assessed
– *you should take particular care on these questions with your spelling, punctuation and grammar, as well as the clarity of expression.*
- A calculator may be used.

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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SCENARIO

The questions in this paper are based on the following scenario.

You should read this scenario carefully before you start to answer the questions.

Simply Bake plc

Simply Bake plc is a company making cakes. It is based in the UK.



Simply Bake plc has a bakery that produces pre-packaged party and celebration cakes, chocolate-covered mini rolls and cake bars, muffins and sponge cakes. This busy bakery would like to increase production, but does not have the resources to do this. At present the machinery and most of the other assets owned by *Simply Bake plc* are fully used in cake production. It therefore has no spare capacity.

Kerry Ann has just started work as a trainee in the finance department at *Simply Bake plc*. Her work will include handling business documents, paying bills and making entries in the accounts.

Kerry Ann has been told that as you have been studying business she should ask you for any help and advice she needs.



Question 1(a) and 1(b) must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross in a box ☒.

1 (a) When *Simply Bake plc* needs to order goods it fills out a document called a: (1)

- A** credit note
- B** delivery note
- C** purchase order
- D** statement of account.

(b) When *Simply Bake plc* asks for payment from a customer it sends out a document.

This document is: (1)

- A** a goods received note
- B** an invoice
- C** a cheque
- D** a receipt.



You have started to draw the chart below to help Kerry Ann understand the flow of financial documents.

Your chart shows the order in which documents are sent when *Simply Bake plc* buys from a supplier. Each arrow points in the direction that the document takes.

(c) Complete the chart below.

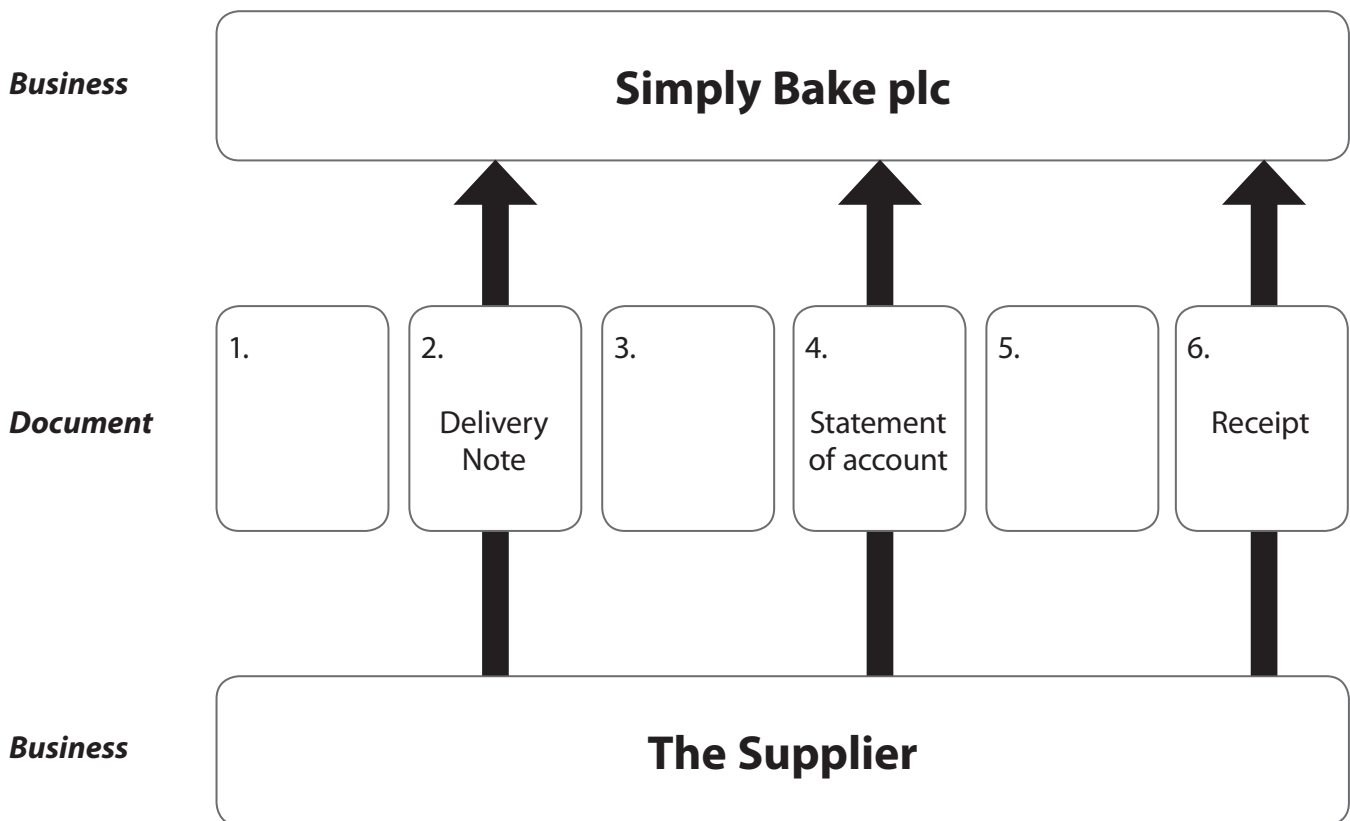
(i) In each of the three blank boxes 1, 3 and 5, write the name of **one** of the documents listed below in the correct order, from left to right.

(3)

- Cheque
- Invoice
- Purchase order.

(ii) Draw an arrow from boxes 1, 3 and 5 to show who sends the document and who receives it in light of your answer to (c) (i) above.

(3)



Simply Bake plc uses the following methods to pay for its goods and services.

Cash

Cheque

Credit card

Debit card

Direct debit

Kerry Ann has to carry out the following tasks.

Task A: Order a new computer desk and chair for the office. The supplier will expect payment through the post.

Task B: Pay the telephone bill. The bill must be paid monthly but the amount paid will vary each month.

(d) For each of the tasks above what would be the **most appropriate** method of payment? A payment method may be used more than once.

(2)

Indicate your answer with a cross in a box ☒. If you change your mind about an answer, put a line through the box ~~☒~~ and then mark your new answer with a cross ☒.

| Task | Cheque | Cash | Debit card | Credit card | Direct debit |
|------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| A | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| B | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

(Total for Question 1 = 10 marks)



2 *Simply Bake plc* has to pay different types of costs.

(a) Using the information below, list the costs for *Simply Bake plc* as **either** start-up or running costs by ticking the correct column. The first one has been completed for you.

(5)

| | Start Up Costs | Running Costs |
|---|----------------|---------------|
| A stock of flour | | ✓ |
| Specialist equipment needed to make the cakes | | |
| A monthly advert in a food magazine to promote the company's products | | |
| Supplies of tea and coffee for clients and staff | | |
| Staff wages | | |
| Industrial ovens | | |

Kerry Ann received the following email from Mr Henderson at *Tyson Ltd*, one of *Simply Bake plc's* customers, informing her that some of the goods sent to them were incorrect:

On checking our latest delivery from you against invoice number 677, we have been sent 20 chocolate caterpillar cakes rather than the 10 ordered. These were charged at £3.95 each. We have returned these goods and would be pleased to receive a credit note as soon as possible.

C Henderson
Tyson Ltd
105 Worcester Road
BIRMINGHAM
B30 4DL



(b) Please complete the credit note below.

Simply Bake plc

Credit Note

To: _____

(1)

| Your Returns Ref | Customer Account Number | Date | Invoice Number | Credit Note Number |
|------------------|-------------------------|------------|----------------|--------------------|
| 805 | 2515 | 05/01/2011 | 677 | 524 |

| Item Code | Quantity | Description | Unit Price | REFUNDED CHARGE |
|-----------|----------|-----------------------------|------------|-----------------|
| CC131 | | Chocolate caterpillar cakes | £3.95 | |

(2)

Reason for Return:

(1)

(c) What is the purpose of **this** credit note?

(1)



Shirley's Tuck Shop is a regular customer of *Simply Bake plc*. When Shirley's Tuck Shop receives an order of cakes it completes a Goods Received Note (GRN) to record the details of the goods received.

(d) On 7th December 2010, 25 boxes of chocolate mini rolls were delivered to Shirley's Tuck Shop but 2 boxes were damaged. Using the information on the delivery note complete the Goods Received Note.

DELIVERY NOTE
for order number 556

Simply Bake plc
Stable Lane
Newtown
NT14 3DS

| Ref: | Item | Quantity | Price £ | Total |
|--------------------|---------------------------|----------|---------|----------------|
| 32908 | 12 x chocolate mini rolls | 25 | 1.05 | £ 26.25 |
| Goods Total | | | | £ 26.25 |



Goods Received Note

Shirley's Tuck Shop
106 Glyn Terrace
Thomastown

Supplier:

(1)

GRN No. 2451

Date: 8th December 2010

Quantity

Description

Item Ref

Order Number

(1)

Consignment No. 314589

Carrier: 2U Deliveries

Received by: G Smith

Checked by: W Giles

Condition of goods: please indicate number in each box

Good condition

Damaged

(1)

(Total for Question 2 = 13 marks)



3 The balance sheet for *Simply Bake plc* includes the following items.

- A Cake-making equipment.
- B Stock of ingredients.
- C Money that *Simply Bake plc* owes to its suppliers.
- D Debts owed to *Simply Bake plc*.
- E Bank overdraft.

(a) List the items A – E above as **current assets**, **fixed assets** or **liabilities** in the table below. The first one has been completed for you.

(4)

| | |
|---|--------------------|
| A | Fixed Asset |
| B | |
| C | |
| D | |
| E | |

Delivery vehicles are a fixed asset of *Simply Bake plc*.

(b) Outline why delivery vehicles would be classed as fixed assets.

(2)

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(Total for Question 3 = 6 marks)



4 *Simply Bake plc* is currently successful. It is considering purchasing new machinery to enable it to increase production.

To do this it needs to raise additional finance. The profit and loss account (income statement) and the balance sheet will be important documents for potential investors into the business.

(a) Outline **one** reason why investors might be interested in *Simply Bake plc's* profit and loss account.

(2)

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(b) Suggest **four** reasons why a forecast balance sheet for *Simply Bake plc* could help a potential investor decide whether to invest in the business.

(4)

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You are showing Kerry Ann how the accounts are produced at *Simply Bake plc*.
The company has recently purchased a computerised accounting system to prepare financial documents and update accounting records.

(b) Explain **one** advantage **and one** disadvantage to *Simply Bake plc* of this new computerised accounting system over the previous manual system.

(6)

Dotted lines for writing the answer.

(Total for Question 5 = 12 marks)



*6 *Simply Bake plc* has an upcoming meeting with its shareholders and wants to tell them about the **profitability** and **liquidity** of the company. The accounting department has sent you the following information taken from *Simply Bake plc* financial statements (final accounts) for 2008 and 2009.

| | 2009 | 2008 |
|-------------------------|-----------|-----------|
| | £ | £ |
| Sales | 2 175 000 | 1 800 000 |
| Gross profit | 653 000 | 540 000 |
| Net Profit | 108 750 | 36 000 |
| Capital Employed | 1 000 000 | 1 000 000 |

They have calculated some ratios to show the company's performance over two years.

| | 2009 | 2008 |
|------------------------|-----------------|-----------------|
| Current Ratio | 1.6 to 1 | 1.3 to 1 |
| Acid Test Ratio | 1.5 to 1 | 1.2 to 1 |

They realise that you may need to calculate more ratios to be able to assess the financial performance of the company. They have supplied you with the following table which contains the formulas, which might be of use to you.

| Ratio | Calculation |
|-----------------------------------|--|
| Return on Capital Employed | $\frac{\text{Net Profit}}{\text{Capital Employed}} \times 100\%$ |
| Net Profit Margin | $\frac{\text{Net Profit}}{\text{Sales}} \times 100\%$ |
| Gross Profit Margin | $\frac{\text{Gross Profit}}{\text{Sales}} \times 100\%$ |

Using the above information, calculate any relevant ratios and assess the **liquidity** and **profitability** of *Simply Bake plc* compared with the previous year.

(10)

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Blank lined area for writing answers.

(Total for Question 6 = 10 marks)

TOTAL FOR PAPER = 60 MARKS



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