

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCSE

Applied Business

Unit 2: Financial Records

Monday 6 June 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** 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.

Film Show Cinemas

Film Show Cinemas (FSC) is a Public Limited Company (plc) that owns and runs 50 modern cinemas in the UK. **FSC** knows the importance of keeping up with the latest digital technology if it wants to attract and keep customers, so has recently been upgrading its cinemas.



FSC has a cinema in Oldport. **FSC Oldport** had all of its projectors replaced with the latest digital equipment in 2010, and three of the cinema's nine screens are now able to show 3D films. The cinema has had to increase the number of screenings of films to keep up with demand.


The cinema is considering further improvements by fitting one 3D screen with premier seats that are guaranteed as the best in the house, and admittance to an exclusive bar with a variety of free refreshments.

Morgan has just started work as a trainee in the Finance Office at **FSC Oldport**. The work includes handling business documents, paying bills and making entries in the accounts.

Morgan has been told that as you are studying business he should ask you for any help and advice he needs.



- 1 FSC Oldport needs to order items for the snack bar. Below is an extract from the sales catalogue of Cinequip, one of FSC's suppliers.

<p>CINEQUIP UNIT 23 BRITANNIA INDUSTRIAL ESTATE BRISTOL BS2 7YE</p> 			
Details and prices			
Item	Order code	Case size	Price per case (£)
Popcorn Scoop boxes, regular	PCSBR	200	40.00
Popcorn Scoop boxes, medium	PCSBM	100	16.00
Popcorn Scoop boxes, large	PCSBL	100	18.00
Nachos Plastic Trays, regular	NPTR	500	29.25
Nachos Plastic Trays, large	NPTL	500	52.50
Hot Dog Bags	HDB	1 000	29.95
Clear Drinking Cup, regular	CDCR	2 400	88.95
Clear Drinking Cup, large	CDCL	1 600	123.25



Morgan has been left the instructions below.

As a result of our recent busy period we need to order the following, to be delivered **immediately**.

400 Regular Popcorn Scoop boxes

1 000 Large Nachos Plastic Trays

1 000 Hot Dog Bags

1 600 Large Clear Drinking Cups

The last order we made was number 5672

(a) Complete the Purchase Order below

(7)

To:				Order Number:			
Qty	Item Description	Order code	Case size	Unit Price		Total Price	
				£	p	£	P
2	Regular Popcorn Scoop boxes	PCSBR	200	40	00	80	00
2	Large Nachos Plastic Trays	NPTL		52	50	105	00
1		HDB	1 000	29	95	29	95
1	Large Clear Drinking Cups	CDCL	1 600				
Total							
Delivery Terms:							



Morgan also ordered glasses which enable customers to view 3D films. He bought them from *Symphony Stores* and paid in advance. Morgan has received the order and completed the Goods Received Note (GRN) below.

Goods Received Note

Number: GRN 257

Our Ref: SS9027

Date: 09/05/2011

No. of Boxes	Item Description	Order Code	Condition of Goods
10	Proview Professional 3D Glasses	PROV	All OK
10	Pro-X Professional 3D Glasses	PROX	1 box damaged and sent back
10	GEMS Disposable 3D Glasses	GEMS	2 boxes damaged and sent back

Morgan has now received the following Credit Note from *Symphony Stores*.

All unit prices are correct.

Credit Note

*Symphony Stores
Landsdown Industrial Estate
East Wick London EW12 8RW*

Number	0097864
Date	30/05/2011
Your ref	SS9027
Our Invoice	OB7896

Quantity	Description	Unit Price (£)	Total Price (£)
1 box	Pro-X Professional 3D Glasses	70.00	70.00
1 box	GEMS Disposable 3D Glasses	15.00	15.00

Reason for credit: Boxes damaged in transit	Goods total	85.00
	VAT @20%	17.00
	TOTAL	102.00



(b) (i) This Credit Note contains a numerical error. Calculate the correct amount that *FSC Oldport* should have received from *Symphony Stores* by completing the boxes below.

(5)

Quantity	Description	Unit Price (£)	Total Price (£)
	Pro-X Professional 3D Glasses	70.00	
	GEMS Disposable 3D Glasses	15.00	

Goods total	
VAT @20%	
TOTAL	

(ii) Outline **one** effect on *FSC Oldport* if Morgan does **not** spot the error on the Credit Note.

(2)

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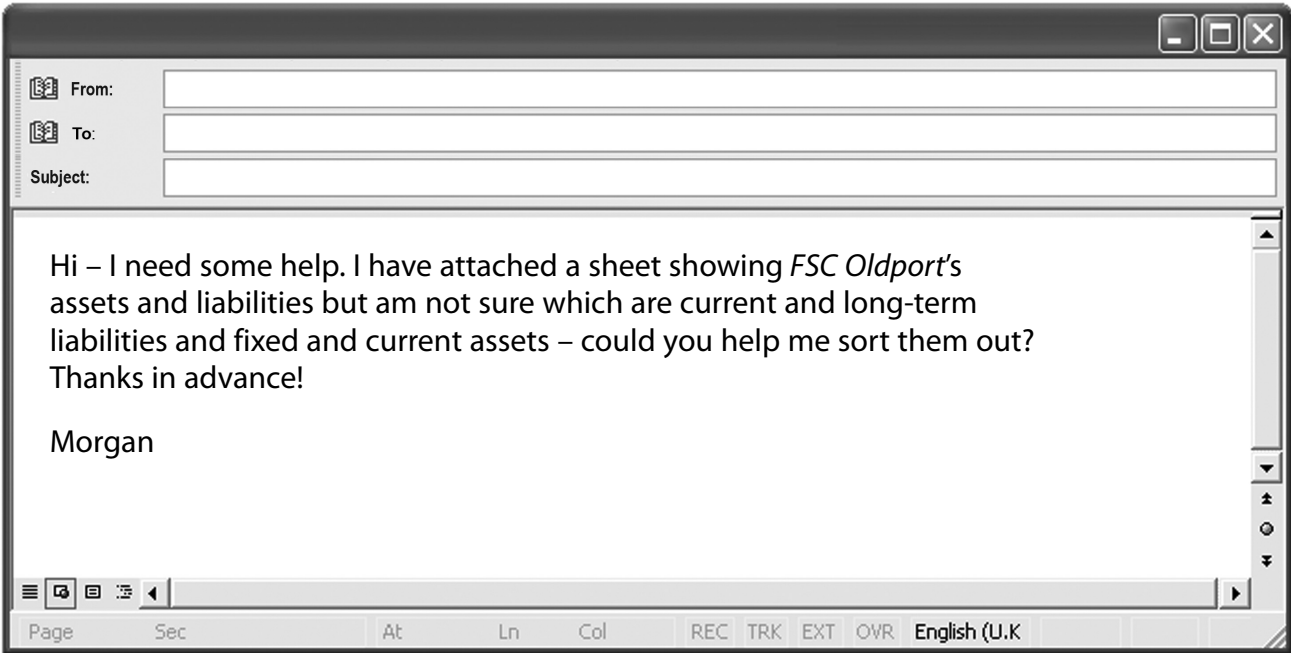
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(Total for Question 1 = 14 marks)



Question 2(a) and 2(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 ☒.

2 You have received the following email.



(a) In the table below, identify each item as a **current** or **long-term** liability.

Put a cross ☒ in the correct box.

(3)

Liabilities	£	Current	Long-term
Bank loan	50 000	☒	☒
Money owed by <i>FSC</i> to suppliers	1 500	☒	☒
Electricity and heating costs	3 500	☒	☒



(b) In the table below, identify each item as a fixed or current asset.

Put a cross ☒ in the correct box.

(6)

Assets	£	Fixed	Current
Cash in safe	1 800	<input type="checkbox"/>	<input type="checkbox"/>
Projection equipment	10 000	<input type="checkbox"/>	<input type="checkbox"/>
Money in bank	3 000	<input type="checkbox"/>	<input type="checkbox"/>
Stock of 3D glasses	1 200	<input type="checkbox"/>	<input type="checkbox"/>
Refrigerated cabinets	1 600	<input type="checkbox"/>	<input type="checkbox"/>
Seating	10 000	<input type="checkbox"/>	<input type="checkbox"/>

(c) Using the information from your answers to 2(a) and 2(b), calculate *FSC Oldport's* Working Capital. Give the formula and show your workings.

(3)

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(Total for Question 2 = 12 marks)



3 Morgan has been given the Profit and Loss Account for *FSC Oldport*.

<i>FSC Oldport</i>				
Profit and Loss Account for the years ended 31st December 2009 and 31st December 2010				
	2010 £		2009 £	
Sales				
Tickets		150 000		80 000
Refreshments		80 000		40 000
Total Sales		230 000		120 000
Cost of Sales		150 000		80 000
Gross Profit		80 000		40 000
Less Expenses				
Rent, rates and insurance	5 500		5 500	
Wages and salaries	12 000		8 000	
Light, Heat and Power	3 500		3 500	
Telephone and Broadband	1 250		1 250	
Total Expenses		22 250		18 250
Net Profit		57 750		21 750

(a) Explain to Morgan the purpose of a Profit and Loss Account.

(2)

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(b) Why might the suppliers of *FSC Oldport*, such as *Symphony Stores*, be interested in **this** Profit and Loss Account?

(2)

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Morgan has given you the following formulae to help you calculate the profitability of *FSC Oldport*.

(c) Calculate gross profit margin and net profit margin for *FSC Oldport* for 2010.

(4)

Ratio	Calculation	2010 Calculation	2010 %	2009 %
Gross Profit Margin	$\frac{\text{Gross Profit} \times 100}{\text{Sales}}$			33.3%
Net Profit Margin	$\frac{\text{Net Profit} \times 100}{\text{Sales}}$			18.1%



Morgan has the liquidity ratios below. Use these and the profitability ratios from question 3(c) to answer question 3(d).

Ratio	2010	2009
Acid Test Ratio	1:1	0.75:1
Current Ratio	1.2:1	1:1

(d) Assess how **both** the profitability and liquidity ratios would be useful to *FSC Oldport* if it is considering improving one of its 3D screens.

(8)

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(Total for Question 3 = 16 marks)



4 FSC Oldport is considering the proposed improvements to its facilities of better seats and a bar in one 3D screen. Morgan has identified the following costs for this proposal.

- Bar fittings and fixtures
- Initial advertising
- Ongoing advertising
- Seating
- Utility bills – e.g. electricity, gas, water
- Wages

Identify **two** possible start-up costs and **two** possible running costs from Morgan’s list above.

Start-up Costs

1

2

Running Costs

1

2

(Total for Question 4 = 4 marks)



5 *FSC Oldport* lets customers pay for tickets using a variety of methods. A **customer** wants to book seats for a group of 20.

(a) State **two** advantages, to this customer, of using a credit card rather than a debit card to book these seats.

(2)

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(b) Outline **one** advantage and **one** disadvantage to *FSC Oldport* if customers pay by **cash** rather than by credit card.

(4)

Advantage

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Disadvantage

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(Total for Question 5 = 6 marks)



***6** FSC plc has decided it will no longer accept cheques from its customers in payment for cinema tickets and other goods. One reason for this decision is that many people now book cinema tickets online and pay electronically.

Assess **two** possible effects this decision might have on FSC plc.

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(Total for Question 6 = 8 marks)

TOTAL FOR PAPER = 60 MARKS



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