

Write your name here

Surname

Other names

Pearson
Edexcel GCSE

Centre Number

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Candidate Number

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Applied Business

Unit 2: Financial Records

Wednesday 23 May 2018 - 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.
- Try to answer every question.
- Check your answers if you have time at the end.

Turn over ►

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Pearson

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.

Staywell Health Club Ltd (SHC)

Staywell Health Club (SHC) is a family-owned business. It has a fully equipped gym, a swimming pool and café. It offers a range of annual membership packages. It also offers a selection of pay as you go daily exercise classes to non-members.



(Source: ©fipphoto/Shutterstock)

SHC is considering expanding by adding spa treatments to the services it currently offers. This would mean converting two unused rooms into treatment rooms for massage, facials, manicures and pedicures and installing a hot tub.

Debra has just started working as a trainee in *SHC*'s office. Her work includes handling business documents, paying bills and making entries in the accounts.

Knowing that you are studying a business course, Debra sometimes asks for your help and advice.

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Some questions must be answered with a cross . If you change your mind about an answer, put a line through the box and then mark your new answer with a cross .

Staywell Health Club (SHC) uses a variety of financial documents.

- 1 (a) Debra needs to buy cleaning materials. She uses a document called a/an: (1)
- A balance sheet
 - B invoice
 - C purchase order
 - D statement of account
- (b) When these cleaning materials are received Debra signs to confirm that they are correct and undamaged. This document is called a/an: (1)
- A receipt
 - B credit note
 - C delivery note
 - D invoice
- (c) When Debra pays for the cleaning materials she sends a document to confirm which invoices are being paid. This document is called a: (1)
- A credit transfer
 - B receipt
 - C cheque
 - D remittance advice slip
- (d) Debra has overpaid a supplier. The supplier sends out a document called a: (1)
- A credit note
 - B purchase order
 - C goods received note
 - D profit and loss account



SHC is considering expanding the business to offer spa treatments.
It understands that this will involve both start-up and running costs.

(e) (i) Give **one** example of a start-up cost for *SHC*. (1)

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(ii) Outline what is meant by start-up costs. (2)

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(f) (i) Give **one** example of a running cost for *SHC*. (1)

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(ii) Outline what is meant by running costs. (2)

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(Total for Question 1 = 10 marks)



Question 2(a) is answered by putting 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 (a) In the table below, identify whether the item listed is a current asset, fixed asset, current liability or long-term liability for *SHC*.

(6)

Assets and Liabilities for *Staywell Health Club (SHC)*

Items	Current Asset	Fixed Asset	Current Liability	Long-term Liability
Debts owed to suppliers	☒	☒	☒	☒
Money in bank	☒	☒	☒	☒
Gym equipment	☒	☒	☒	☒
Bank loan	☒	☒	☒	☒
Cleaning equipment	☒	☒	☒	☒
Stock for café	☒	☒	☒	☒

SHC is considering its working capital (net current assets).

- (b) Explain **one** reason why calculating its working capital can help *SHC* manage its business.

(3)

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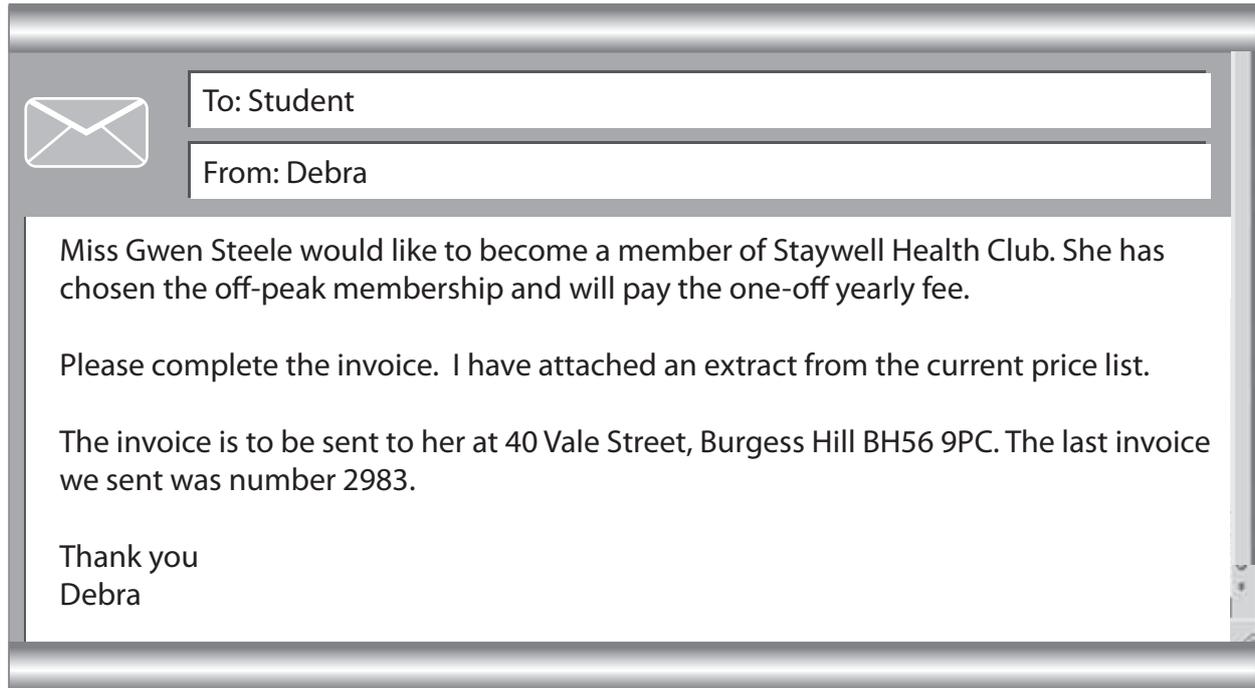
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(Total for Question 2 = 9 marks)



3 You have received the following email from Debra.



Staywell Health Club

Yearly membership packages

Our membership packages offer flexibility to suit your requirements and budget.

You have the option to pay a one-off yearly membership fee (5% discount). Or pay by monthly direct debit instalments.

Prices before any discount are as follows (plus VAT @ 20%)

- Single membership: Unlimited use, 7 days a week **£310**
- Junior membership (16 – 18): Unlimited use, 7 days a week **£165**
- Off-peak membership: Mon – Fri from 6.30am – 4pm **£170**
- Family membership: 7 days a week from 10am – 6pm **£150**

(Source: ©Marish/Shutterstock)



(a) Using the information given in the email, complete the invoice below. It has been started for you.

(7)



Invoice Number:

Invoice date: 23/05/2018

Staywell Health Club

Invoice to:

Membership Type	Cost		Total	
	(£)	(p)	(£)	(p)
5% discount for one-off payment				
Subtotal				
VAT @ 20%				
Total to Pay				

(Source: @Marish/Shutterstock)

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SHC's customers use a variety of payment methods.

(b) Explain why some customers may prefer to use cash rather than a debit card.

(3)

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(Total for Question 3 = 10 marks)

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- 4 Debra has asked you to help construct the Profit and Loss Account (Income Statement) for 2016. She has sent you the following figures:

	£
Cost of sales	32 500
Wages and salaries	50 000
Rent, rates and insurance	42 900
Telephone and broadband	800
Light, heat and power	2 500
Sales	200 000

Complete the Profit and Loss Account (Income Statement) for *SHC*. It has been started for you.

(8)

Staywell Health Club (SHC)		
2016 Profit and Loss Account (Income Statement)		
	£	£
Gross Profit		
Expenses		
Wages and salaries	50 000	
Total Expenses		

(Total for Question 4 = 8 marks)



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5 Stakeholders of *SHC* have an interest in the financial statements of the business.

(a) (i) Identify **two** of *SHC*'s stakeholders.

(2)

1

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2

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(ii) Explain why **one** of these stakeholders would be interested in the financial statements of *SHC*.

(3)

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SHC uses accounting ratios to help interpret its financial statements. Debra has been asked to look at the profitability of the business.

- (b) Using the information and the formulae given below, calculate the gross profit margin and net profit margin for 2018.

(2)

2018	£
Sales	250 000
Gross profit	190 000
Net profit	95 000

Ratio	Calculation	2018 Workings	2018 %	2017 %
Gross profit margin	$\frac{\text{Gross profit} \times 100}{\text{Sales}}$			80%
Net profit margin	$\frac{\text{Net profit} \times 100}{\text{Sales}}$			37%



*6 *SHC* is considering expanding by adding spa treatments to the services it currently offers. It wants to take out a business loan to fund this. *SHC* knows that the lender will ask to see its annual Profit and Loss Account (Income Statement) and Balance Sheet (Statement of Financial Position).

Discuss the importance of these financial statements to the lender in deciding whether to grant the loan.

(10)

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(Total for Question 6 = 10 marks)

TOTAL FOR PAPER = 60 MARKS



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