

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

Monday 2 June 2014 – Morning  
**Time: 1 hour**

Paper Reference

**5AB02/01**

**A calculator may be used.**  
**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.*

### 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.

### *Entertaining Live UK Ltd*

*Entertaining Live UK Ltd (ELUK)* is an entertainment company that specialises in the running of large-scale events such as music festivals. It earns revenue from the sale of tickets, food and drink and from camping fees.



(Source: Diverse Images/UIG)

*ELUK* is planning for festivals to become 'cash free' through wristbands that use Near Field Communication (NFC) radio signals. Once purchased the wristbands enable entrance to the festival and are credited with £30. This allows festival goers to 'wave and pay' for items such as food and drink. The wristbands can be topped-up when the balance drops below £20. Any unspent funds are refunded at the end of the festival.

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

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



**Some questions 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 ☒.**

*ELUK* uses a variety of financial documents.

**1** (a) *ELUK* has sent out a purchase order. This document is used to: (1)

- A** buy goods
- B** pay for goods
- C** sell goods
- D** send with goods

(b) Allan checks the office supplies when they arrive at *ELUK*. To do this he uses a document called a/an: (1)

- A** cheque
- B** invoice
- C** delivery note
- D** statement of account

(c) When Allan pays for the office supplies he sends a document to confirm which invoices are being paid. This document is called a: (1)


- A** receipt
- B** cheque
- C** purchase order
- D** remittance advice slip

(d) Allan pays for the office supplies by post. He sends out a document called a/an: (1)

- A** cheque
- B** invoice
- C** credit note
- D** purchase order



ELUK needs to order some items. Below is an extract from the supplier's sales catalogue.

<b>Speedy NFC</b> www.speedynfc.co.uk			
Details and prices excluding VAT			
Item	Order code	Number of units in case	Price per case (£)
Single Use Wristband (Black)	SUWB	1 000	750
Single Use Wristband (Red)	SUWR	1 000	750
Single Use Wristband (White)	SUWW	1 000	750
Premium Ultralight Silicone Wristband (adult)	PUSWA	1 000	1 900
Premium Ultralight Silicone Wristband (junior)	PUSWJ	1 000	1 800
Hang Tags	HT	2 000	1 700
Ultralight Oval Keyfobs	UOK	500	290



Allan has been left the following instructions about the order.

We need to order the following from our online supplier *Speedy NFC*:

- Premium Ultralight Silicone Wristband (adult) x 5 000
- Ultralight Oval Keyfobs x 1 500

(e) Complete the online purchase order below

(7)

Qty	Item Description	Order Code	Case Size	Case Price		Total Price	
				£	p	£	p
<b>Goods Total</b>							
<b>5% Discount</b>							
<b>Subtotal</b>							
<b>VAT @20%</b>							
<b>Total to Pay</b>							



Allan will pay for these goods online.

(f) Explain **one** benefit to *ELUK* of paying the supplier online.

(3)

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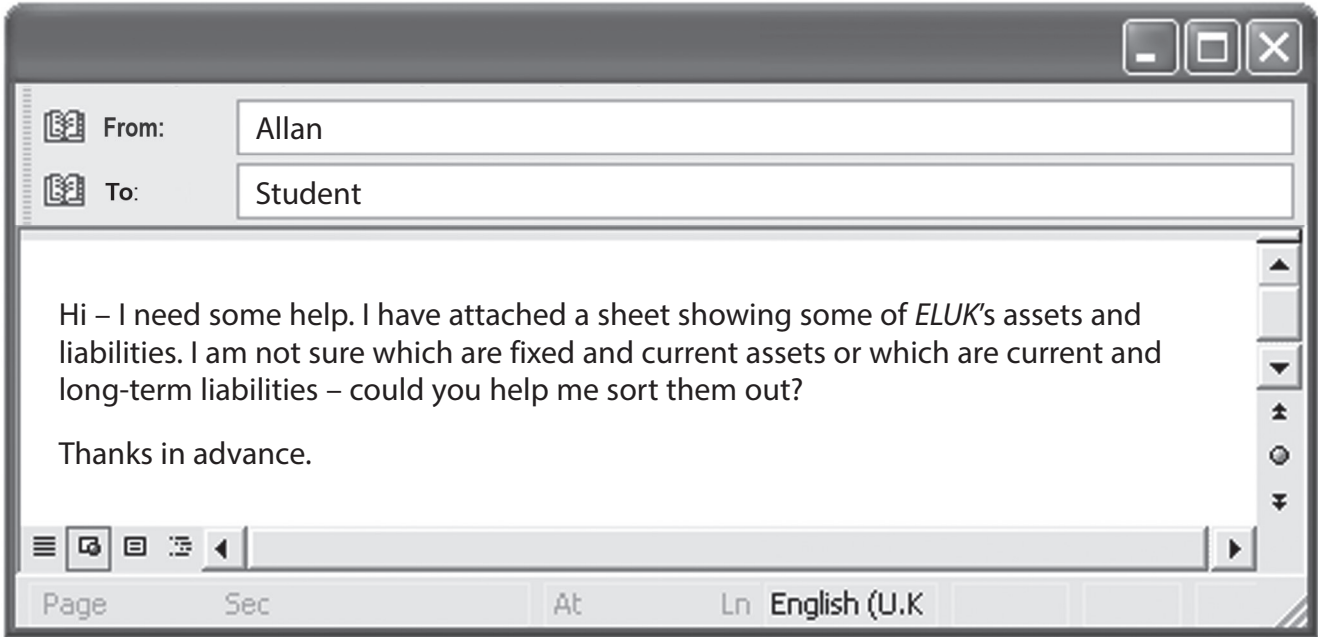
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**(Total for Question 1 = 14 marks)**



You have received the following email from Allan.



2 (a) In the table below, identify whether each asset is **fixed or current**. (5)

Assets	Fixed	Current
Cash	<input type="checkbox"/>	<input type="checkbox"/>
Speakers and microphones	<input type="checkbox"/>	<input type="checkbox"/>
Money in bank	<input type="checkbox"/>	<input type="checkbox"/>
Stock of NFC wristbands	<input type="checkbox"/>	<input type="checkbox"/>
Computers	<input type="checkbox"/>	<input type="checkbox"/>

(b) In the table below, identify whether each liability is **current or long-term**. (3)

Liabilities	Current	Long-term
Bank loans	<input type="checkbox"/>	<input type="checkbox"/>
Money owed to suppliers	<input type="checkbox"/>	<input type="checkbox"/>
Internet bills	<input type="checkbox"/>	<input type="checkbox"/>

(Total for Question 2 = 8 marks)



*ELUK* has introduced technology that allows festival goers to pay for goods using NFC 'wave and pay' wristbands. It has done this to try and move away from cash payments.

3 (a) Explain **two** disadvantages to *ELUK* of festival goers paying for goods with cash.

(6)

Disadvantage 1

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Disadvantage 2

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When *ELUK* decided to introduce wristbands with NFC technology it understood that this would incur costs.

(b) In the table below, identify whether each cost was a start-up cost or a running cost.

(5)

Cost	Start up	Running
Stock of NFC wristbands	<input type="checkbox"/>	<input type="checkbox"/>
NFC terminals	<input type="checkbox"/>	<input type="checkbox"/>
Payment to internet supplier	<input type="checkbox"/>	<input type="checkbox"/>
Computer	<input type="checkbox"/>	<input type="checkbox"/>
Electricity bills	<input type="checkbox"/>	<input type="checkbox"/>

(Total for Question 3 = 11 marks)





4 *ELUK's* stakeholders will be interested in *ELUK's* financial statements. Some will be interested in the Profit and Loss Account (Income Statement) whilst others will be interested in the Balance Sheet (Statement of Financial Position).

(a) (i) Identify **one** of *ELUK's* stakeholders who would be interested in the Profit and Loss Account (Income Statement).

(1)

(ii) Outline **one** reason why this stakeholder would be interested in this financial statement.

(2)

(b) (i) Identify a different stakeholder of *ELUK* who would be interested in the Balance Sheet (Statement of Financial Position).

(1)

(ii) Outline **one** reason why this stakeholder would be interested in this financial statement.

(2)

*ELUK* uses ICT to construct its financial statements.

(c) Outline **one disadvantage** to *ELUK* of using ICT in this way.

(2)

**(Total for Question 4 = 8 marks)**



Allan has been asked to construct a Profit and Loss Account (Income Statement) for the sale of food and drink at one of *ELUK's* festivals. He has sent you the following information:

Here are the figures for the food outlets during the recent Upload Festival:

Sales

- Food £72 000
- Drink £11 000

Costs

- Food supplies £22 000
- Disposable cups/plates etc. £ 3 150
- Wages and salaries £10 700
- Staff training £ 2 600
- Light, heat and power £ 5 500
- Telephone and internet £ 2 000

5 Use this information to construct the Profit and Loss Account for the Upload Festival.

**Profit and Loss Account for *ELUK* Upload Festival**

	£	£
<b>Total Sales:</b>		
<b>Cost of Sales:</b>		
<b>Gross Profit:</b>		
<b>Expenses:</b>		
<b>Total Expenses:</b>		

**(Total for Question 5 = 9 marks)**



ELUK is pleased with the rising popularity of its festivals. It is considering improving the facilities on its campsites to attract more festival goers.

Allan has been given the ratios below.

<b>Ratio</b>	<b>2012</b>	<b>2013</b>
Acid Test Ratio	0.8:1	1:1
Current Ratio	1:1	1.3:1

<b>Ratio</b>	<b>2012 £</b>	<b>2013 £</b>
Gross Profit Percentage	31.3%	35.3%
Net Profit Percentage	17%	24%

**\*6** Assess how useful this information is to ELUK when deciding whether to spend money on improving its campsite facilities.

(10)

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(Total for Question 6 = 10 marks)

**TOTAL FOR PAPER = 60 MARKS**

