

Write your name here

Surname

Other names

Centre Number

Candidate Number

Edexcel GCSE

Applied Business

Unit 2: Financial Records

Thursday 10 January 2013 – Afternoon

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.
- 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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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.

Gem Gallery Jewellers

Gem Gallery Jewellers (GGJ) specialises in the sale of jewellery. It also has a popular jewellery and watch repair service. *GGJ* is owned and run by Sam Bowden.



GGJ operates out of a shop that Sam rents in a local shopping centre. Sam employs two sales assistants. Following a successful year, she is considering expanding the business to include an online shop. Before she makes this decision she needs to complete and interpret her financial information.

Isabel has just started work as a clerical assistant at *GGJ*. Her work includes handling business documents, paying bills and making entries in the accounts.

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



Question 1(a) 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 ☒.

- 1 (a) In the table below, identify the correct answer by marking the box for fixed assets, current assets or liabilities.

The first one has been completed for you.

(5)

Assets	Current Assets	Fixed Assets	Liabilities
Computers used by Sam and staff	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Debts <i>GGJ</i> owes to suppliers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stock of jewellery and materials	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Cash in tills	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jewellery and watch repair equipment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bank loan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The computers in the shop are a fixed asset of *GGJ*.

- (b) Outline why computers are classified as fixed assets.

(2)

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- (c) State the financial term calculated using the following formula:

Current Assets minus Current Liabilities.

(1)

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(Total for Question 1 = 8 marks)



2 When Sam started *GGJ* she identified and listed the following costs:

- tills
- a monthly advert in the local newspaper to promote the store's products
- display cabinets for the shop floor
- stock of tea and coffee for the staff.

(a) (i) What is meant by the term **start-up cost**?

(1)

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(ii) Identify a start-up cost from **Sam's list above**.

(1)

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(b) (i) What is meant by the term **running cost**?

(1)

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(ii) Identify a running cost from **Sam's list above**.

(1)

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(Total for Question 2 = 4 marks)



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GGJ needs to order items for the business. Below is an extract from the sales catalogue of Gold'n'Stuff, one of GGJ's suppliers.

Gold'n'Stuff Wholesale Jewellery Supplies Unit 3 Navigation Business Park St Annes SX23 9NW			
Details and prices			
Item description	Order code	Case quantity	Case price (£) excluding VAT
30 inch 13 mm luxury 24k gold plated curb chain	30GPC	5	45.00
24 inch 4 mm 24k gold plated rope necklace	24GPR	15	56.40
20 inch 13 mm luxury 24k gold plated curb chain	20GPC	10	93.20
36 inch 6 mm 24k gold plated wheat necklace	36GPW	5	35.00
24 inch 6 mm 24k gold plated wheat necklace	24GPW	10	43.50
30 inch 16 mm giant 24k gold plated belcher chain	30GPB	5	49.45
24 inch 6 mm 24k gold plated figaro chain solid necklace	24GPF	10	37.30

Isabel has been left the instructions below.

The gold plated chains have sold very well. Could you please order the following to be delivered immediately?

- 15 of the 30 inch 13 mm luxury 24k gold plated curb chain
- 20 of the 20 inch 13 mm luxury 24k gold plated curb chain
- 20 of the 36 inch 6 mm 24k gold plated wheat necklace

The last order number was 2734.



3 (a) Complete the Purchase Order below.

To:								(1)
Order number:								(1)
Qty	Item description	Order code	Case quantity	Unit price excluding VAT		Total price excluding VAT		
				£	p	£	P	
3	30 inch 13 mm luxury 24k gold plated curb chain		5	45	00	135	00	(1)
2	20 inch 13 mm luxury 24k gold plated curb chain	20GPC		93	20	186	40	(1)
4	36 inch 6 mm 24k gold plated wheat necklace	36GPW	5					(2)
Total								(1)
Delivery terms:								(1)



Sam also ordered and paid for goods from another supplier *BetterBox*. Sam has completed the Goods Received Note below.

Goods Received Note			
Number: GRN635		Our Ref: BBS9238	
Date: 20/12/2012			
No. of boxes	Item description	Order code	Condition of goods
100	Plain Charm Box (Size 3)	PCB3	All OK
100	Plain Pendant / Charm (Size 4)	PPC4	All OK
50	Plain Pendant / Bangle (Size 6)	PPB6	All OK
50	Necklace Box - Plain Long (Size 8)	NPL8	10 boxes damaged - returned
40	Drawstring Paper Gift Bags	DPGB	Only 30 boxes sent

When Sam completed the Goods Received Note she noticed some errors with the delivery.

She has now received the following Credit Note from the suppliers *BetterBox*.

BetterBox					
Credit Note					
To: Gem Gallery Jewellers Unit 3 The Pallisades Smethick BM1 2WS			Reason for credit: Damaged in transit Shortage of goods		
Your returns ref	Customer account number	Date	Invoice number	Credit note number	
783	6702	02/01/2013	GGJ2730	539	
Quantity	Description	Unit price		Total price (£)	
		£	p	£	p
10 boxes	Necklace box - plain long (size 8)	0	70	7	00
10 boxes	Drawstring paper gift bags	4	50	45	00
Goods total				52	00
VAT @ 20%				10	40
TOTAL				41	60



(b) Outline the purpose of a Credit Note for a business such as *GGJ*.

(2)

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The Credit Note *GGJ* received from *BetterBox* contains an error.

(c) Identify the error on the Credit Note.

(1)

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(d) Explain the effect on *GGJ* if Isabel does not spot this error.

(4)

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(Total for Question 3 = 15 marks)



Isabel has asked for your help in completing the following sales invoice.

4 (a) Complete the invoice by filling in the blank boxes.

Gem Gallery Jewellers			Invoice date: 3/01/2013			
Unit 3 The Pallisades Smethick BM1 2WS VAT Reg No. 3562789			Invoice number: 6273			
Code	Description	Quantity	Unit price (£)	£	p	
EW354	Ladies evening watch (gold plate)	1	115.83	115	83	
LOB56	Ladies 4 mm oval bangle (9k gold)	1	184.95	184	95	
Goods total						(1)
Discount @ 5%						(1)
Sub total						(1)
VAT @ 20%						(1)
Total to pay						(1)

Many of GGJ's customers pay by credit card.

(b) Outline **one** advantage to GGJ of allowing customers to pay by credit card.

(2)

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(c) Outline **one** disadvantage to GGJ of allowing customers to pay by credit card.

(2)

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(Total for Question 4 = 9 marks)



Sam is considering installing a computerised accounting system rather than keeping the manual accounting system she has at present.

5 (a) Explain **one** advantage to *GGJ* of introducing a computerised accounting system. (3)

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(b) Explain **one** disadvantage to *GGJ* of introducing a computerised accounting system. (3)

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(Total for Question 5 = 6 marks)



Isabel has received a note from Sam containing information about GGJ's monthly sales and costs for the year ending December 2012. This information is used to calculate the profit or loss.

Sale of jewellery	35 000
Sale of watches	26 500
Repairs to customers' watches	5 750
Cost of these sales	35 200
Wages and salaries	10 000
Rent, rates and insurance	8 000
Light, heat and power	3 000
Telephone and broadband	900

6 Use the information above to construct the Profit and Loss Account for GGJ.

(8)

Gem Gallery Jewellers Profit and Loss Account for the year ended 31st December 2012		
	£	£
Total sales		
Gross profit		
Expenses		
Total expenses		

(Total for Question 6 = 8 marks)



*7 Sam is planning to expand her business and is considering taking out a bank loan.

Evaluate the importance of her annual Profit and Loss Account and Balance Sheet to the bank when she applies for a loan.

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(Total for Question 7 = 10 marks)

TOTAL FOR PAPER = 60 MARKS





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