

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 24 May 2017 – 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.

### *Beachside Farm Riding Centre*

*Beachside Farm Riding Centre (BFRC)* is a family business, owned and managed by Julia who is a sole trader.

*BFRC* offers pony trekking along the beach. It offers 1 hour or 2 hour beach treks. All treks are accompanied by an experienced guide.



(Source: AMT 5730 © Katerina Davidenko/Shutterstock)

Julia wants to expand the business to offer 2 day 'stay and ride' mini breaks with the guests staying in her farmhouse. This would involve making some improvements to the farmhouse to accommodate visitors.

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

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1 Julia has started to draw the diagram below to show the flow of financial documents. The diagram shows the order in which documents are sent when *BFRC* buys from a supplier. Each arrow shows who sends the document and who receives it.

Complete the rest of the diagram.

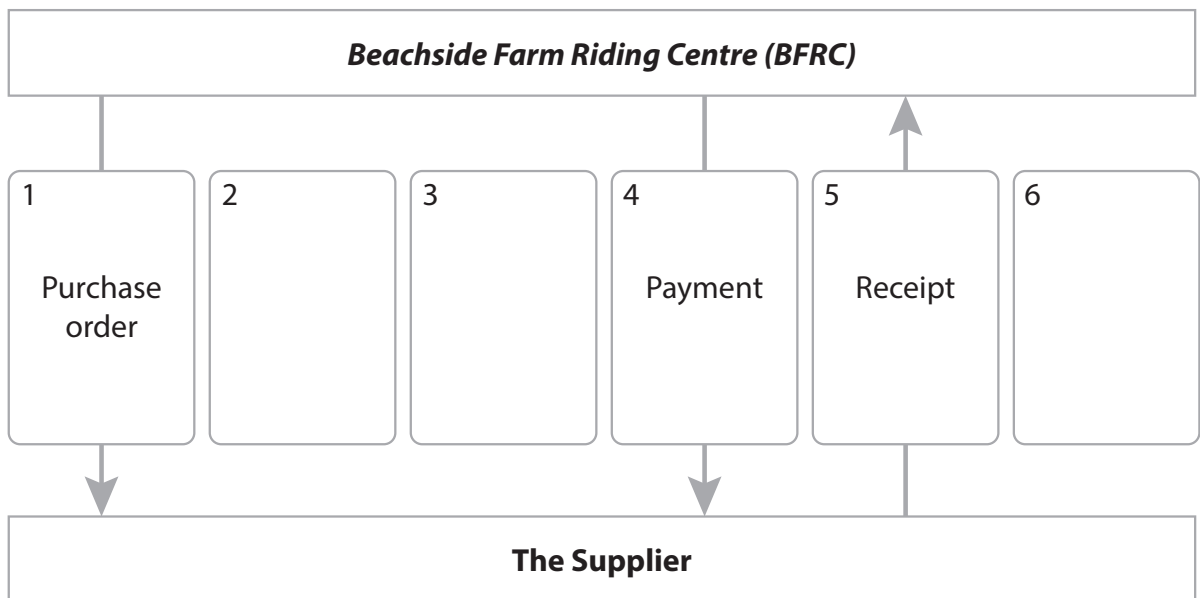
(a) In each blank box write, in the correct order, the name of **one** of the three documents listed below.

- Statement of account
- Invoice
- Delivery note

(3)

(b) Draw an **arrow** from boxes 2, 3 and 6 to show who sends the document and who receives it in light of your answers to (a) above.

(3)



**Question 1(c) 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 .**

- (c) In the table below, identify whether the item listed is a current asset, fixed asset, current liability or long-term liability for *BFRC*.

(5)

**Assets and Liabilities for *Beachside Farm Riding Centre***

Items	Current Asset	Fixed Asset	Current Liability	Long-term Liability
Bank loan	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Money in bank	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Riding equipment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Horses and ponies	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Debts owed by <i>BFRC</i> to hay suppliers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

**(Total for Question 1 = 11 marks)**



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2 Julia is considering expanding the business to offer 2 day 'stay and ride' mini breaks with the guests staying in her farmhouse.

She understands that this will involve both start-up and running costs.

(a) (i) Give **one** example of a start-up cost that Julia might face. (1)

.....  
.....

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

.....  
.....  
.....  
.....

(b) (i) Give **one** example of a running cost that Julia might face. (1)

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

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**(Total for Question 2 = 6 marks)**



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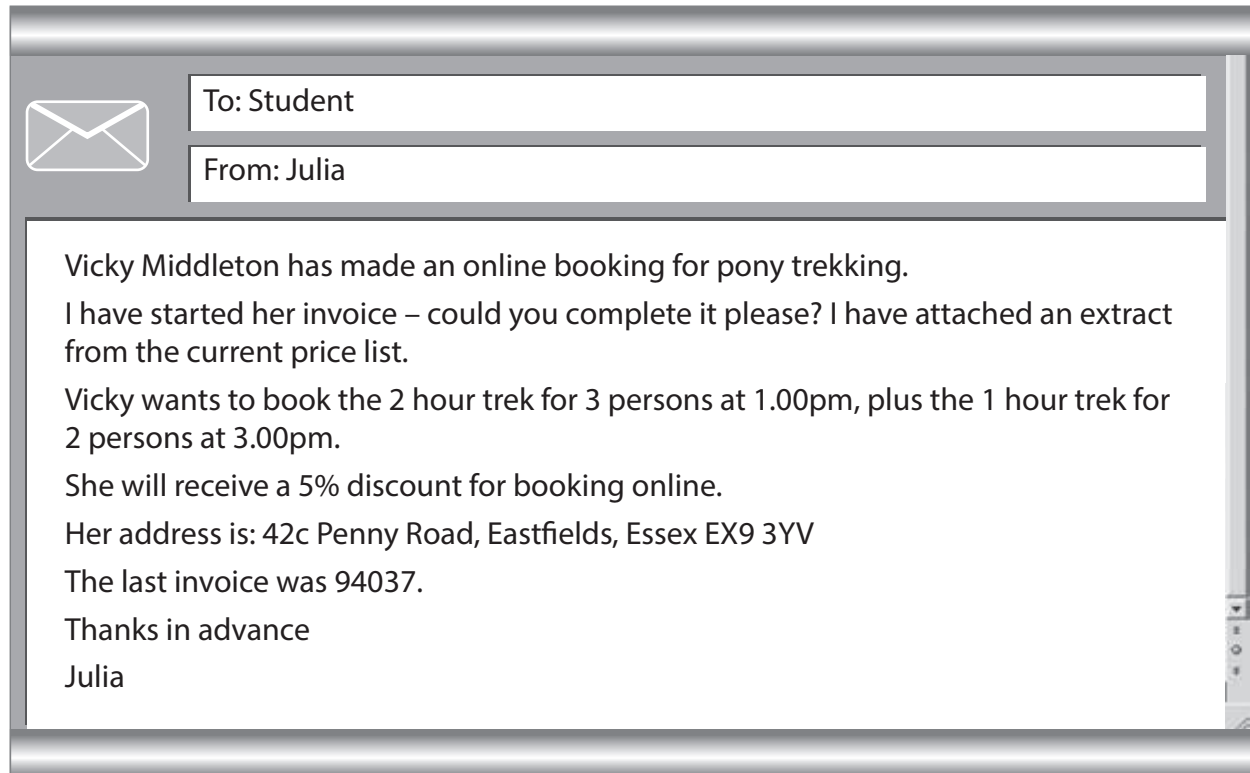
3 Julia has been preparing financial statements for *BFRC*. She has asked you to explain why these are of interest to *BFRC*'s stakeholders. Julia has produced the table below.

- (a) (i) Complete Column 1, identifying **four** of *BFRC*'s stakeholders. (4)
- (ii) Complete Column 2, outlining why financial statements are of interest to **each** of the four stakeholders you have identified. (4)

<b>Interest of financial statements to stakeholders of <i>Beachside Farm Riding Centre (BFRC)</i></b>	
<b>Column 1 stakeholder</b>	<b>Column 2 stakeholder interest</b>



You have received the following email from Julia.



**Beachside Farm  
Riding Centre (BFRC)  
Price List**

There are 3 scheduled treks each day

10.30am – 2 hour trek – £39.99 per person

1.00pm – 2 hour trek – £39.99 per person

3.00pm – 1 hour trek – £24.99 per person

*An experienced guide accompanies all our treks*

*Riding hats are supplied*

*Riders must be aged 4 years and over*





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

(7)

**Beachside Farm Riding Centre  
(BFRC)**

Jenkins Farm  
Field Road  
Southend-on-Sea  
SE10 6CD

Tel:0797002919

**VAT Reg. No. 8925143**

**Invoice Number:**

**Date:**

**Invoice to:**

Time of trek	Trek requirements	Cost (£)(p)	Total (£)(p)
1.00pm	2 hour trek x 3	39.99	
3.00pm	1 hour trek x 2	24.99	
<b>Total</b>			
<b>Online booking discount@5%</b>			
<b>Total to Pay</b>			

**(Total for Question 3 = 15 marks)**

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4 Julia is considering the working capital (net current assets) for *BFRC*.

Julia has produced a balance sheet (statement of financial position) for *BFRC*.

(a) Explain the purpose of a balance sheet.

(3)

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(b) Explain **one** reason why knowing the amount of working capital she has can help Julia manage her business.

(3)

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**(Total for Question 4 = 6 marks)**



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- 5 Julia has asked you to help construct a Profit and Loss Account (Income Statement) for *BFRC* for 2016. She has sent you the following figures:

	£
Revenue from pony trekking	300 000
Wages and salaries	80 000
Vet bills	24 000
Mortgage, rates and insurance	26 000
Cost of sales	120 000

- (a) Complete the 2016 Profit and Loss Account (Income Statement) for *BFRC*.

(8)

**2016 Profit and Loss Account (Income Statement)  
for Beachside Farm Riding Centre (BFRC)**

	£	£
<b>Gross Profit</b>		
<b>Expenses:</b>		
<b>Total Expenses:</b>		



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Julia accepts a variety of payment methods at *BFRC*.

(b) (i) Outline **one** advantage **to BFRC** if customers pay by **cash** rather than by credit card.

(2)

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(ii) Outline **one** disadvantage **to BFRC** if customers pay by **cash** rather than by credit card.

(2)

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**(Total for Question 5 = 12 marks)**





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**(Total for Question 6 = 10 marks)**

**TOTAL FOR PAPER = 60 MARKS**



P 4 8 5 2 6 A 0 1 5 1 6

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