



Rewarding Learning

ADVANCED SUBSIDIARY (AS)
General Certificate of Education
2018

Centre Number

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Candidate Number

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Professional Business Services

Assessment Unit AS 3
assessing
Financial Decision Making



SPB31

[SPB31]

WEDNESDAY 30 MAY, MORNING

TIME

1 hour 30 minutes.

INSTRUCTIONS TO CANDIDATES

Write your Centre Number and Candidate Number in the spaces provided at the top of this page.

Write your answers in the spaces provided in this question paper.

Answer **all three** questions.

INFORMATION FOR CANDIDATES

The total mark for this paper is 80.

Quality of written communication will be assessed in Questions **1(d)**, **2(d)** and **3(c)**.

Figures in brackets printed down the right-hand side of pages indicate the marks awarded to each question or part question.

ADVICE TO CANDIDATES

You are advised to take account of the marks for each question in allocating the available examination time.

If you do not have sufficient space to complete your answers, you may use the additional pages at the back of the paper.

For Examiner's use only	
Question Number	Marks
1	
2	
3	

Total Marks	
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Answer **all three** questions

- 1 Seamus Bruce is a mechanic who became the owner of a garage in 2016. He renamed the business as Bruce's Garage, which is now in its second year of trading as a sole trader. Although he is a skilled mechanic, he has limited knowledge of the financial side of the business.

You are employed by Elliott and Graham Financial Services Ltd as a professional business services adviser and contracted by Seamus Bruce to offer assistance with the following.

- (a) Seamus is unsure of the difference between cash flow and profit. Explain the difference so that he has a clear understanding.

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- (b) Complete the cash flow forecast for the fourth quarter of 2018 using the following information provided by Seamus.

Forecasted figures for Bruce's Garage

Month	Expenses £	Sales £	Purchases £	Wages £
August	15,100	75,000	48,900	40,000
September	20,500	80,000	45,150	40,000
October	18,700	100,000	34,500	40,000
November	19,200	120,000	35,050	60,000
December	18,500	120,000	32,150	50,000

Notes:

1. Wages are paid in the month they are incurred (the same month)
2. Expenses are paid two months after the month of trading
3. Purchases are paid for one month after the month of purchase
4. 75% of monthly sales revenue is paid in cash with the remaining 25% being received two months later

**Cash flow forecast for Bruce's Garage
for the fourth quarter (October – December) 2018**

	October (£)	November (£)	December (£)
Opening Bank Balance	6,500	<input type="text"/>	<input type="text"/>
Receipts:			
Cash Sales	75,000	<input type="text"/>	<input type="text"/>
Trade Receivables	<input type="text"/>	20,000	<input type="text"/>
Total Receipts:	93,750	<input type="text"/>	<input type="text"/>
Payments:			
Purchases	<input type="text"/>	<input type="text"/>	35,050
Expenses	<input type="text"/>	<input type="text"/>	<input type="text"/>
Wages	40,000	<input type="text"/>	50,000
Total Payments:	100,250	<input type="text"/>	<input type="text"/>
Closing Bank Balance	<input type="text"/>	<input type="text"/>	<input type="text"/>

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Use this space for your calculations.

Examiner Only

Marks

Remark

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(Questions continue overleaf)

- 3 Bruce's Garage has come to the end of its second year of trading. Seamus has asked you to calculate the following ratios using the financial information below which has been extracted from his financial statements.

	2017 (£)	2018 (£)
Trade Payables	8,300	12,875
Trade Receivables	55,000	26,500
Sales Revenue	325,672	349,748
Cost of Goods Sold	120,500	120,829

- (a) (i) Calculate the trade payables ratio (to the nearest whole number) for 2017 and 2018 using the formula:

$$\frac{\text{Trade Payables}}{\text{Cost of Goods Sold}} \times 365 \text{ days}$$

2017

[2]

2018

[2]

Examiner Only

Marks Remark

- (b) (i) Calculate the trade receivables ratio (to the nearest whole number) for 2017 and 2018 using the formula:

$$\frac{\text{Trade Receivables}}{\text{Sales Revenue}} \times 365 \text{ days}$$

2017

[2]

2018

[2]

- (ii) Compare the results of this ratio for 2017 and 2018.

[3]

Examiner Only	
Marks	Remark

THIS IS THE END OF THE QUESTION PAPER

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