



Rewarding Learning

ADVANCED SUBSIDIARY (AS)  
General Certificate of Education

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\*

## Assessment

### 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.

**You must answer the questions in the spaces provided.**

**Do not write outside the boxed area on each page or on blank pages.**

Complete in black ink only. **Do not write with a gel pen.**

Answer **all three** questions.

### INFORMATION FOR CANDIDATES

The total mark for this paper is 80.

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

Quality of written communication will be assessed in questions **1(e)**, **3(a)** and **3(b)**.

### ADVICE TO CANDIDATES

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

### Assessment Level of Control:

Tick the relevant box (✓)

Controlled Conditions	
Other	



Answer **all three** questions

- 1 Ruth was employed as a personal trainer for five years. Using her experience, she decided to set up her own gym, Ruth's Reps, in January 2018.

Ruth has expanded the range of services offered by her gym and membership has steadily increased. The gym is now offering an extended range of classes, membership payment plans, as well as a variety of new and innovative equipment.

Ruth has limited financial expertise. You work for Donaldson Financial Services Ltd, as a professional business services consultant, and have been assigned to advise Ruth on the financial aspects of running the gym.

- (a) Explain the importance of effective financial decision making for Ruth's business.

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[2]

- (b) Identify the **two** accounts which make up a set of financial statements.

1. \_\_\_\_\_ [1]

2. \_\_\_\_\_ [1]





(d) Use the financial information from Ruth's Reps in **Table 1** below to calculate parts (i) to (iv).

**Table 1**

<b>Financial Information Ruth's Reps year ending 31st December 2019</b>	
Number of gym members	300
Gross Profit	£56,560
Equipment	£14,550
Bank Overdraft	£3,680
Premises	£68,500
Expenses	£31,560
Fixtures and Fittings	£6,950
Trade Payables	£2,820
Annual membership fees per member	£200

(i) Sales Revenue

[2]





**(ii) Net Profit**

[2]

**(iii) Non-current Assets**

[2]

**(iv) Current Liabilities**

[2]

**[Turn over**



(e) Analyse the following elements of financial statements using your answers in question 1(d) so Ruth is fully aware of their purpose when constructing her accounts.

**The quality of written communication is assessed in this question.**

Sales Revenue

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Net Profit

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## Non-current Assets

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## Current Liabilities

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[12]



- 2 (a) Ruth is keen to set budgets for the next financial year for her gym. Explain the following types of budget that Ruth might use.

Sales Budget

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[3]

Labour Budget

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[3]







(c) Ruth has provided you with the following forecast figures for October – December 2020. Use the information below to complete **Table 2**:

- Membership fees are £200 per member
- 40% of gym membership fees are cash sales
- 60% of gym membership fees are credit sales

Show all your workings.

**Table 2**

Month	Total Sales Revenue	Cash Sales	Trade Receivables
<b>October</b> (50 members)			
<b>November</b> (100 members)			
<b>December</b> (75 members)			
<b>Quarterly Forecast Totals</b>	£45,000	£18,000	£27,000

[9]









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**THIS IS THE END OF THE QUESTION PAPER**

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<b>For Examiner's use only</b>	
<b>Question Number</b>	<b>Marks</b>
1	
2	
3	

<b>Total Marks</b>	
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**Examiner Number**

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