

## Year 11 GCSE Applied Business

Name:

Group:

**Unit 2: Financial records**  
**Student workbook**

**2.1**

### Topic 2.1(a): Financial documents used in business trading

**LO:** To investigate and understand the use of financial documents within a business

**L1 G-E:** Present the typical format of financial documents

**L2 D-B:** Investigate and explain the purpose of financial documents & why they must be accurate

**L3 A-A\*:** Evaluate errors in financial documents

Pathway	Key objective
<b>A</b>	I can complete each financial document correctly, fully explain their flow and purpose, and evaluate the impact of errors.
<b>B</b>	I can complete each financial document correctly, and explain their flow, purpose and the impact of errors.
<b>C</b>	I can complete most financial documents correctly, and state their flow, purpose and the impact of errors.
<b>D</b>	I can complete some basic financial documents correctly, and identify their flow and purpose.
Targets	
<b>1</b>	I know the names, order and flow (who produces it) of all financial documents
<b>2</b>	I can explain the purpose of each document
<b>3</b>	I can complete each document correctly
<b>4</b>	I can explain what discount and VAT mean and apply them to invoices
<b>5</b>	I can explain what debit, credit and balance mean and apply them to statements of account
<b>6</b>	I can identify errors in financial documents and correct them
<b>7</b>	I can explain the impact on businesses if financial documents have errors

### Topic 2.1(b): Computerised Accounting Systems and the use of ICT

**LO:** To investigate and understand the use of computerised accounting systems (CAS)

**L1 G-E:** Have knowledge of CAS

**L2 D-B:** Explain the advantages and disadvantages of using CAS

**L3 A-A\*:** Evaluate the costs and benefits related to using CAS

Pathway	Key objective
<b>A</b>	I can fully explain the advantages, disadvantages and evaluate the cost-benefit of CAS
<b>B</b>	I can explain the key advantaged, disadvantages and cost-benefit of CAS
<b>C</b>	I can explain some advantages and disadvantages and state the cost-benefit of CAS
<b>D</b>	I can state one advantage and one disadvantage of CAS
Targets	
<b>1</b>	I can explain the difference between a manual & CAS
<b>2</b>	I have a clear understanding of what cost-benefit is
<b>3</b>	I can provide clear explanation of 4 advantages of using CAS
<b>4</b>	I can provide clear explanation of 4 advantages of using CAS
<b>5</b>	I can clearly evaluate the cost-benefit of using CAS to a range of businesses

**Topic 2.1(a): Financial documents used in business trading**

**1. Key words:** Match the term to the correct definition. Write the letter in the correct letter in the empty box.

<b>1</b>	Accounts	
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<b>2</b>	Financial records	
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<b>3</b>	Profit and loss account	
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<b>4</b>	Balance sheet	
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<b>5</b>	Liquidity	
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<b>6</b>	Profitability	
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<b>7</b>	Cash flow	
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<b>8</b>	Profit	
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<b>9</b>	Interest	
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<b>10</b>	Credit	
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<b>A</b>	Measures how much cash a business has available to pay what it owes.
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<b>B</b>	The movement of money in and out of a business.
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<b>C</b>	Show transactions that take place on a day to day basis.
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<b>D</b>	Measures how much profit a business makes over a given amount of time.
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<b>E</b>	The supplier allows the buyer to receive goods now and pay later. If credit is refused it could cause cash flow problems for the buyer.
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<b>F</b>	The cost of borrowing money, which banks use to charge for a loan or overdraft. It can also be the reward for saving money.
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<b>G</b>	A financial statement that shows whether a business has made a profit or loss for a given amount of time, usually a year.
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<b>H</b>	The financial records of a business. Every transaction must be recorded accurately.
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<b>I</b>	The money made after all costs have been deducted.
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<b>J</b>	A financial statement that shows a business' financial position and the net worth of a company at a particular point in time.
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2. **The flow of financial documents:** Put the financial documents in the correct order. Draw an arrow to show who sends the document and who receives it.

**Business (Buyer)**

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**The supplier**

3. **The flow of financial documents:** Who sends the document and who receives it? Using the financial documents above, put them in the correct column.

<b>Business Buyer (customer) 4 documents</b>	<b>Supplier (seller) 5 documents</b>

4. **Multiple choice questions:** Answer the following questions:

a. **When a business pays for stock received from its suppliers they send a document to confirm which invoices are to be paid. This document used is called:** (1)

- A** an invoice
- B** a receipt
- C** a remittance advice slip
- D** a purchase order.

b. **When goods are delivered to a business an employee signs for them to confirm that the goods are correct and undamaged. The document used is called a:** (1)

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

**Document 1:** Purchase order (Buyer to supplier)

**Purpose:** This is sent when a buyer wants to order goods. It is proof of what was ordered and when in case of any dispute.

5. Longmores is an accountancy business. They need to order some new stationary from Ink Stationary Supplies. Complete the purchase order using the information below (5)

Ink Stationary Supplies, New Road, Bournemouth, BO2 8ES							
Sales catalogue: Details and prices							
Item	Quantity	Item code	£	Item	Quantity	Item code	£
A4 Paper	100 sheets	A4X	5.00	Blue biro	20	BL1	4.00
A3 Paper	100 sheets	A3X	8.00	Black biro	20	BK1	4.00
A4 Paper (coloured)	100 sheets	A3C	6.00	Red biro	20	RD1	4.00

**Longmores, 45a High street, Bournemouth BO1 3UA**

Please deliver the following items immediately.  
 20 A3 paper  
 4 A4 paper Coloured  
 50 Black biro's  
 The last order number was 143  
 Sign it and use today's date

Longmores, 45a High street, Bournemouth BO1 3UA				PURCHASE ORDER	
<b>To:</b>					
<b>Order No:</b>			<b>Date:</b>		
Item No.	Description	Qty	Unit cost	Total cost	
			<b>Total</b>		
<b>Delivery terms:</b>			<b>Signed:</b>		

**5b.** After ordering, Longmores realised they ordered coloured paper instead of white paper. State and explain one effect this may have on the reputation of Longmores. **(3)**

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**What went well?**

**Even better if...**

**Improve your work...**

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**Document 2: Delivery note** (Supplier to buyer)

**Purpose:** This is sent to the buyer with the ordered goods. It is proof of what was delivered and when in case of disputes. The buyer can use it to check the delivery against the purchase order.

**6. Complete the delivery note using the information below**

Everyone Active Leisure Centre ordered the following items from Fitness Supplies Ltd, Unit 2, Gold View Industrial Estate, Loughton, Essex, IG10 4UD:

- 50 Towels (TW14)
- 20 Goggles (GG42)
- 35 Swimming hats (SH01)

**(Sign it and use today's date)**

<u>Delivery Note</u>		
<b>To:</b> Everyone Active Leisure Centre, Railway Street, Loughton, Essex, IG10 2DG		
<b>Account number:</b> 19304		
<b>Order number:</b> 53013		
Quantity	Reference	Description
<b>Signed:</b>		<b>Date:</b>

**6b.** State and explain one effect on Fitness Supplies Ltd if they only included 15 swimming goggles in the delivery **(3)**

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**Document 3: Goods received note** (Produced by the buyer). Not sent, internal use only

**Purpose:** This is used to check and record goods/services received from the supplier. It allows the buyer to keep accurate stock figures. The buyer can also use it to check goods against purchase orders/ delivery note/ invoice/ credit notes. It ensures accurate payment.

**7. Complete the question below:**

Shirley's Tuck Shop is a regular customer of *Simply Bake plc*. When Shirley's Tuck Shop receives an order of cakes it completes a Goods Received Note (GRN) to record the details of the goods received.

(d) On 7th December 2010, 25 boxes of chocolate mini rolls were delivered to Shirley's Tuck Shop but 2 boxes were damaged. Using the information on the delivery note complete the Goods Received Note.

***DELIVERY NOTE***

*for order number 556*

*Simply Bake plc*

*Stable Lane*

*Newtown*

*NT14 3DS*

<b>Ref:</b>	<b>Item</b>	<b>Quantity</b>	<b>Price £</b>	<b>Total</b>
32908	12 x chocolate mini rolls	25	1.05	<b>£ 26.25</b>
<b>Goods Total</b>				<b>£ 26.25</b>

<b>Goods Received Note</b>			
<b>Shirley's Tuck Shop</b> 106 Glyn Terrace Thomastown			
Supplier:			
GRN No. 2451		Date: 8th December 2010	
Quantity	Description	Item Ref	Order Number
Consignment No. 314589		Carrier: 2U Deliveries	
Received by: G Smith		Checked by: W Giles	
Condition of goods: please indicate number in each box	Good condition <input type="checkbox"/>		
	Damaged <input type="checkbox"/>		

(1)

(1)

(1)

**7b. State and explain one reason why the goods received note needs to be accurate (3)**

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**Document 4: Invoice** (Supplier to buyer)**Purpose:** This is sent to the buyer to request payment for goods or services provided.**Discount:** A business reduces the price of goods or service in order to increase sales.**Discount formula:**  $\text{Goods total} / 100 \times \text{Discount amount} (\%)$ **Sub total:** The total amount after the discount has been deducted.**Value Added Tax (VAT):** A government tax on spending**VAT formula:**  $\text{Sub total} / 100 \times \text{VAT} (\%)$ **8. Complete the invoice using the information below**

Sound Solutions Ltd sells TV and home entertainment systems. After completing purchase order 3182, Sound Solutions Ltd received the following items from Electrical Dreams Supplies (Unit 5, Hillgrove Industrial Estate, Cheltenham, GL3 8US

10 LED TV's (LED55) @ £500 each

5 Sound bars (SB12) @ £150 each

30 TV stands (ST76) @ £75 each

(The last invoice number was 1743 and you must use today's date)

<b>Invoice</b>		Electrical Dreams Supplies Unit 5, Hillgrove Industrial Estate, Cheltenham, GL3 8US		
<b>To:</b> Sound Solutions Ltd 3 High Street, Cheltenham, GL1 3SY		<b>Customer number:</b> 43		
<b>Order:</b>		<b>Invoice:</b>		<b>Date:</b>
Qty	Item	Code	Unit £ p	Total £ p
<b>Full amount must be paid within 28 days</b>		<b>Goods total</b>		
		<b>Discount @ 5%</b>		
		<b>Sub total</b>		
		<b>VAT @ 20%</b>		
		<b>Total</b>		

8b. State and explain one benefit why suppliers offer trade discounts

(3)

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Improve your work:

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8c. Fill in the blanks on the invoice

## Gem Gallery Jewellers

Unit 3 The Pallisades  
 Smethick  
 BM1 2WS  
 VAT Reg No. 3562789

Invoice date: 3/01/2013

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
<b>Goods total</b>					(1)
<b>Discount @ 5%</b>					(1)
<b>Sub total</b>					(1)
<b>VAT @ 20%</b>					(1)
<b>Total to pay</b>					(1)

9. There are 5 errors in the documents below. Can you identify the errors? (5)

## Elmwood Theme Park Purchase Order

**To:**  
CommEquip Ltd  
35 Greenway Avenue  
Whitewood  
WW4 3RE

**Order No.** 3564  
**Date:** 06/11/2011

Code	Description	Quantity	Unit Price (£)
RMD20	Refrigerated Milk Dispensers	3	60.00
EWB 880	Eco Water Boiler	4	56.50
LJD370	Juice Dispenser	1	115.00

### Goods Received Note

**Date:** 15/11/2011

No . 968

Code	Description	Quantity	Condition of Goods
RMD20	Refrigerated Milk Dispensers	3	OK
EWB 880	Eco Water Boiler	3	OK
LJD370	Juice Dispenser	1	OK

**CommEquip Ltd**

### INVOICE

Code	Description	Quantity	Unit Price (£)	£	p
RMD40	Refrigerated Milk Dispensers	3	80.00	240	00
EWB 880	Eco Water Boiler	4	65.50	262	00
LJD370	Juice Dispenser	1	135.00	135	00

**Error 1**

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**Error 2**

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**Error 3**

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**Error 4**

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**Error 5**

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**9b. Explain the effect on Elmwood Theme Park's accounts if they pay the invoice (3)**

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**Improve your work:**

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**Document 5: Credit note** (Supplier to buyer – If required)

**Purpose:** This is sent to the buyer to give credit (money back on buyer's account) for damaged or returned goods. It can also be used to rectify mistakes on previous invoices issued, which prevents overpayment by the buyer.

**10.** Complete the credit note using the information below

All Sports Ltd recently had some items delivered to their shop by Sports Equipment Supplies Ltd. They purchased thirty Footballs for £9.99 each and twenty Rugby balls for £7.99 each, not including VAT. The item numbers were FB23 and RB10. Three of the Footballs were not able to be pumped up and five of the Rugby balls did not have the correct print on them. The last credit number was 203 and use today's date.

<b>Sports Equipment Supplies Ltd</b>			<b>VAT No:</b> 235/0394/38	
Unit 2, Kings Road, Romford, RM1 7GC				
<b>To:</b> All Sports Ltd 47 High Street, Romford, RM1 2BA				
<b>Order No:</b> 283		<b>Credit Note:</b>		<b>Date:</b>
<b>Item</b>	<b>Description</b>	<b>Qty</b>	<b>Unit Cost £ p</b>	<b>Total cost £ p</b>
<b>Sub Total</b>				
<b>Total refund including VAT</b>				

**10b.** The credit note below contains a numerical error. Calculate the correct amount that FSC Oldport should have received from Symphony stores by filling in the empty spaces **(5)**

**Goods Received Note**

Number: GRN 257

Our Ref: SS9027

Date: 09/05/2011

No. of Boxes	Item Description	Order Code	Condition of Goods
10	Proview Professional 3D Glasses	PROV	All OK
10	Pro-X Professional 3D Glasses	PROX	1 box damaged and sent back
10	GEMS Disposable 3D Glasses	GEMS	2 boxes damaged and sent back

All unit prices are correct.

**Credit Note**

*Symphony Stores  
Landsdown Industrial Estate  
East Wick London EW12 8RW*

Number	<b>0097864</b>
Date	<b>30/05/2011</b>
Your ref	<b>SS9027</b>
Our Invoice	<b>OB7896</b>

Quantity	Description	Unit Price (£)	Total Price (£)
1 box	Pro-X Professional 3D Glasses	70.00	70.00
1 box	GEMS Disposable 3D Glasses	15.00	15.00

<b>Reason for credit:</b> Boxes damaged in transit	Goods total	<b>85.00</b>
	VAT @20%	<b>17.00</b>
	<b>TOTAL</b>	<b>102.00</b>

Quantity	Description	Unit Price (£)	Total Price (£)
	Pro-X Professional 3D Glasses	70.00	
	GEMS Disposable 3D Glasses	15.00	

Goods total	
VAT @20%	
<b>TOTAL</b>	

**10c.** Outline one effect on FSC Oldport if they do not spot the error on the Credit Note **(2)**

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**Document 6: Statement of Account** (Supplier to buyer)

**Purpose:** This is sent to the buyer at the end of each month to show how all transactions over the month and the amount the buyer owes/balance to be paid.

1. It starts with the amount owed (balance) from the previous month
2. Debits (invoices and charges) increase the amount owed by the buyer to the supplier
3. Credits (payments and credit notes) decrease the amount owed by the buyer to the supplier
4. It ends with the amount still owed (balance)
5. To calculate the balance you need to **add** debits and **minus** credits

**11.** Complete the statement of account using the information below

**(5)**

TechGear sell Computers and electrical accessories. The following transactions took place in August 2017 between TechGear and one of their suppliers, Tech Giant Ltd.

- On the 2<sup>nd</sup> of the month TechGear sent Tech Giant Ltd cheque 001893 for £357.00, this cleared their balance from the previous month.
- On the 14<sup>th</sup> of the month Tech Giant Ltd send TechGear invoice 1840 for £75.99.
- On the 19<sup>th</sup> of the month TechGear received credit note 214 for £43.00 from Tech Giant Ltd.
- On the 28<sup>th</sup> of the month Tech Giant Ltd sent TechGear invoice 1841 for £345.00
- The last statement sent was 185

<b>Tech Giant Ltd</b>		<b>Statement of Account</b>		
Unit 4, Monarch Road, Luton, BD6 9YR				
<b>To:</b> TechGear, 12a High Road, Luton, BD1 3BE				
<b>Customer No:</b> 1034		<b>Date:</b> 31 <sup>st</sup> August 2017		<b>Statement No:</b>
<b>Transaction Date</b>	<b>Description</b>	<b>Debit</b> £   p	<b>Credit</b> £   p	<b>Balance</b> £   p
01/08/2017	Balance owing			433.00
<b>Total amount outstanding</b>				

**Document 7: Remittance Advice Slip (Buyer to Supplier)**

**Purpose:** This is sent to the supplier with the payment at the end of each month to show what payment is being made

**Document 8: Cheque (Buyer to Supplier)**

**Purpose:** This is sent to the supplier with the remittance advice slip at the end of each month to make payment. It must have:

1. The date of the day it is sent e.g. 08/09/2017 or 8<sup>th</sup> September 2017
2. Name of payee (who is being paid) e.g. The business name
3. Amount in words followed by 'only' and a line
4. Amount in numbers
5. Signature

**Document 9: Receipt (Supplier to Buyer)**

**Purpose:** This is sent to the buyer once payment has been received. It is proof of payment for goods supplied in case of disputes.

**12. Complete the remittance advice slip using the information below (3)**

- Hair Today Gone Tomorrow is a Barbers who has an account, 928317, with supplier Barber Supplies Ltd 25 Romford Industrial Estate, Romford, RM4 7FH
- At the end of last month Hair Today Gone Tomorrow received statement of account 023 from Barber Supplies Ltd
- Hair Today Gone Tomorrow wants to clear the balance of £429.42
- Use today's date

<b>Hair Today Gone Tomorrow</b> 18 High Street, Romford, RM1 5HU	<b>Payment Advice</b>
<b>Supplier:</b>	
<b>Date:</b>	
<b>Account No:</b>	<b>Statement No:</b>
<b>Cheque No:</b>	<b>Amount:</b>

12b. Complete the cheque

(3)

<b>EAGLE BANK</b>		<b>12-50-96</b>
Romford Branch 23 High Road, Romford, RM1 4GS		
Pay _____ _____		<input type="text"/>
		On behalf of Hair Today Gone Tomorrow
<b>Cheque Number</b> 002348	<b>Branch code</b> 12-09-38	<b>Account Number</b> 83439238

12c. Complete the receipt

(3)

<b>Barber Supplies Ltd</b>	<b>VAT No:</b>	<b>Receipt:</b>
25 Romford Industrial Estate, Romford, RM4 7FH	192 348 432	1945
<b>To:</b>		
<b>Date:</b>		
<b>Account No:</b>	<b>Statement No:</b>	
<b>Received with thanks</b>	<b>£</b>	<b>p</b>
	<input type="text"/>	<input type="text"/>

12d. Explain one benefit to Hair Today Gone Tomorrow if they pay their suppliers by credit card rather than cheque (3)

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**Topic 2.1(b): Computerised Accounting Systems**

**13.** Key words: In the third column, write the letter to match the key words and meanings.

<b>1</b>	Computerised Accounting System	
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<b>A</b>	Financial documents and records are produced by hand using paper and pen/spreadsheets.
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<b>2</b>	Manual accounting system	
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<b>B</b>	To evaluate (judge) the cost (disadvantages) compared to the benefit (advantages). If the cost outweighs the benefit it is not worth the investment.
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<b>3</b>	Cost-benefit	
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<b>C</b>	Financial documents and records are produced by hand using paper and pen/spreadsheets.
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**13b.** List 4 advantages of CAS (Remember SARS)

<b>S</b>	
<b>A</b>	
<b>R</b>	
<b>S</b>	

**13c.** List 4 disadvantages of CAS (Remember CCSI)

<b>C</b>	
<b>C</b>	
<b>S</b>	
<b>I</b>	

**13b.** Explain two advantages of using computerised accounting systems

**(6)**

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**13c.** Explain two disadvantages of using computerised accounting systems

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