

# January 2012 past paper

Wednesday 7<sup>th</sup> February 2018

## Elmwood Theme Park

**Elmwood Theme Park** is a family owned theme park which attracts thousands of visitors each year.

**Elmwood Theme Park (ETP)** opened in 1990 as a small family park with a wooden fort, a 3D-style cinema experience, go-karts, a water chute ride and some food outlets. In recent years the park has grown and now incorporates six large thrill rides.

The park is considering improving its financial systems and adding a new ride.

Tess has just started work as a trainee in the finance office at **ETP**. The work includes handling business documents, paying bills and making entries in the accounts.

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

- 1 (a) Tess needs to buy stock from *Albany Supplies* for the food outlets in the park. To do this she will use a/an: (1)
- A balance sheet
  - B invoice
  - C purchase order
  - D statement of account
- (b) When these supplies are received Tess signs for them to confirm that the goods are correct and undamaged. To do this she will use a: (1)
- A credit note
  - B delivery note
  - C cheque
  - D debit card
- (c) When *ETP* pays for these supplies it sends a document to confirm which invoices are being paid. This is called a/an: (1)
- A credit transfer
  - B receipt
  - C remittance advice slip
  - D e-cheque
- (d) If *ETP* pays *Albany Supplies* but has paid too much, *Albany Supplies* sends out a document called a: (1)
- A profit and loss account
  - B credit note
  - C goods received note
  - D purchase order

4 ETP is considering installing a new ride. Tess has identified the following costs for this proposal:

- Employee wages
- Market research
- Designing and engineering
- Constructing and testing
- Utility bills – e.g. electricity
- Planning fees
- Advertising

(a) Identify **two** start-up costs and **two** running costs from Tess's list above.

(4)

Start-up costs

1 .....

2 .....

Running costs

1 .....

2 .....

# Complete the profit and loss account

## **Memo**

**From:** Tess

Here are our figures.

Admission tickets	£925 000
Food sales	£110 000
Cost of sales	£232 500
Wages and salaries	£357 000
Rent, rates and insurance	£161 900
Light, heat and power	£ 65 000
Telephone and broadband	£ 30 000

	<b>£</b>	<b>£</b>	
<b>Total Sales</b>		1 035 000	(1)
<i>Cost of Sales</i>		232 500	(1) both
<b>Gross Profit</b>		802 500	(1) OFR
<b>Expenses:</b>			
<i>Wages and Salaries</i>	357 000		(1) both
<i>Rent, Rates and Insurance</i>	161 900		(1) both
<i>Light, Heat and Power</i>	65 000		(1) both
<i>Telephone and Broadband</i>	30 000		(1) both
<b>Total Expenses:</b>		613 900	
<i>Net profit</i>		188 600	(1) (both) OFR

# Stakeholders

- List 4 stakeholders and explain their interest in ETP's financial statements.

## **Memo**

**To:** All Finance Staff

**From:** Tess

**RE:** Interest of financial statements to our stakeholders

Stakeholder	Interest in financial statements

<b>Stakeholder</b>	<b>Interest in financial statements</b>
Owners (1)	Owners are interested in profit levels (1)
Managers (1)	Managers need information to let them manage/monitor/plan for the business/ they will be rewarded if business is successful (1)
Suppliers (1)	Suppliers will need to ensure that Elmwood Theme Park will be capable of paying for goods and services/will continue to need their services (1)
Customers (1)	Customers will be concerned whether Elmwood Theme Park will survive/continue to provide goods and services (1)
Lenders (1)	Lenders will need information concerning Elmwood Theme Park's ability to make interest payments/repay loans/the security for their loan (1)
Government (1)	Government will need to take the correct amount of tax from the business (1)
Investors (1)	Investors will want to see success of business/return on investment (1)
Local Community (1)	Will continue to provide jobs (1)
Employees (1)	Employees will want to know their job is secure/they will be paid (1)



# Find this question in your 10 mark workbook

\*6 *ETP* operates a number of food outlets selling a variety of food and snacks. The owners are considering introducing a system making use of ICT to record sales and monitor stock levels. This would involve the use of bar codes and a scanning system to read them. At present only a manual system is used.

Assess the benefits to *ETP* of installing this new ICT system.

Possible benefits might include:

- Using ICT will produce accurate sales records
- Keeping sales and stock records will make it possible to keep very low levels of stock across the Park
- Overall costs could be reduced
- Could help improve budgeting
- Sales trends can be observed quicker
- Could increase productivity
- Saves time compared with a manual system
- Handheld barcode readers operate using wireless networks/Bluetooth and so could be used across the park

But

- Set-up/equipment costs could be expensive
- Training will be needed which will incur costs
- All stock will need barcode labels
- Staff may be resistant to change
- Not all stock can be easily barcoded
- Potential for the system to malfunction