

Hollinwick Brewing: the purpose of accounting and sources of finance

Learner workbook | Pearson BTEC Level 3 National Extended Certificate in Business, Unit 3: Personal and Business Finance | Original TBS three-lesson case for classroom practice

Over three lessons you will explain why a small business keeps accounts, sort its income and spending into capital and revenue, compare the sources of finance open to it, and recommend how it should pay for new equipment. Lesson 1: the purposes of accounting, capital and revenue, depreciation and control of trade receivables. Lesson 2: internal and external sources of finance, short and long term, advantages and disadvantages. Lesson 3: matching finance to a funding gap and recommending a plan.

Hollinwick Brewing, the people and every figure in this case are fictional. Amounts are simplified for teaching. You need a calculator. This is original classroom practice; it is not a Pearson assessment task and is not endorsed by Pearson.

The business

Hollinwick Brewing is a craft brewery in a rented unit in a converted mill yard in a market town in the north of England. Elin Marsh started it in 2021. She is a sole trader: the business is not a separate company, she keeps its records, and she takes money out of the business for her own living costs (drawings). Jai is the full-time brewer and Priya works part time in the taproom and on deliveries; both are paid wages.

Hollinwick sells cask ale to local pubs and bottled beer to farm shops and delis. These customers are sent an invoice and pay later: their unpaid invoices are the business's trade receivables. Invoices are due 30 days after the invoice date. The taproom opens at weekends and customers pay there in cash or by card. Hollinwick buys malt, hops and kegs from suppliers who often give time to pay.

Elin wants to buy two bigger fermenting tanks so that she can brew about half as much again. She is also thinking about how the business should be financed. The specification content behind this case is the purpose of accounting, capital and revenue income and expenditure, and the sources of business finance.

Key facts

Item	Figure or fact
Owner	Elin Marsh, sole trader (started 2021)
Staff	Jai (brewer, full time) and Priya (taproom and deliveries, part time)
Profit for the year ended 31 March 2026	£38,000 (the year before: £31,000)
Elin's drawings in that year	£26,000
Bank balance on 1 October 2026	£15,000; Elin wants to keep at least £3,000 in the bank at all times
Customer payment terms	30 days after the invoice date

Simplifications: amounts are in pounds with VAT left out; tax on a sole trader's profit is not shown; every price, rate, fee and payment in this pack is invented for the exercise, real quotes differ, and this is a teaching case, not financial advice.

Free sample

Hollinwick Brewing: the purpose of accounting and sources of finance

Contents of the full pack

Lesson 1: Why keep accounts, and what goes where?

Lesson 2: Where could the money come from?

Lesson 3: Which plan should Elin choose?

Learner workbook and teacher guide, as PDF and as editable Word files.

The teacher guide has lesson plans, full worked answers and indicative guidance.

This sample is the cover and the first two pages of Lesson 1 of the learner workbook. It contains no answers. The pages that follow are exactly as in the full pack.

Lesson 1: Why keep accounts, and what goes where?

Today you will say what accounting is for, sort Hollinwick's income and spending into capital and revenue, calculate depreciation and use a list of unpaid invoices to control trade receivables. Straight-line depreciation each year = cost x percentage. Reducing balance depreciation each year = (cost - depreciation to date) x percentage. Net book value = cost - all depreciation to date.

Starter: why keep accounts?

Write three reasons why a small business such as Hollinwick keeps accounts. Compare your list with a partner's.

Task 1: the purposes of accounting (pairs)

Match each situation to one purpose of accounting. Word bank: recording transactions; management of the business (planning, monitoring and controlling); compliance; measuring performance; control. Control means checking and protecting the business, for example from fraud and from trade receivables and trade payables going out of hand.

Situation at Hollinwick	Purpose
1. Jai enters every sale and purchase in the accounting software on the day it happens	
2. Elin compares each month's costs with her plan and decides whether to buy more hops	
3. Elin keeps her records so that figures can be sent to HMRC on time, as the law requires	
4. The accounts show that profit rose from £31,000 to £38,000	
5. Two people count the taproom takings before they are banked	
6. A list shows which pubs and shops have not yet paid their invoices	

Task 2: capital or revenue?

Capital income is money put into the business by its owner or by lenders. Revenue income is money the business earns from its everyday trading and from small extras such as commission, interest and discounts. Capital expenditure is spending on non-current assets that will be used for more than a year. Revenue expenditure is spending on the day-to-day running costs of the business and on the goods it sells; the specification also lists depreciation here. Money an owner takes out for personal use is drawings: it is none of these.

Codes: CI = capital income; RI = revenue income; CE = capital expenditure; RE = revenue expenditure; N = none of these. Write one code beside each transaction. Then use the totals table on the next page.

Hollinwick transaction (March 2026)	Code
1. Elin pays £5,000 of her own savings into the business bank account	
2. The taproom sells £640 of beer for cash	
3. Hollinwick sends the Grey Heron Inn an invoice for £1,150 of cask ale, to be paid in 30 days	
4. The bank pays a £10,000 loan into the business account	
5. Hollinwick pays £7,800 for a bottle-filling machine	
6. Hollinwick pays £2,600 for new storage racking (fixtures and fittings)	
7. Hollinwick pays £900 to register its trade mark	
8. Hollinwick pays £2,400 rent for the brewery unit for the quarter	
9. Hollinwick pays £1,860 for malt and hops	
10. Hollinwick pays a £620 water bill	
11. Hollinwick pays £3,400 in wages to Jai and Priya	
12. Hollinwick pays £210 in bank charges	
13. Hollinwick pays £450 interest on the bank loan	
14. Hollinwick allows a farm shop a £24 discount for paying its invoice early	
15. A gift-box company pays Hollinwick £300 commission for selling its gift boxes in the taproom	
16. The hop supplier gives Hollinwick an £18 discount for paying its invoice early	
17. Elin takes £2,200 out of the business for her own living costs	
18. The business savings account pays Hollinwick £75 interest	