



FOUNDATION CERTIFICATE

SAMPLE EXAMINATION PAPER

INTRODUCTION TO ACCOUNTING AND FINANCE

Instructions to candidates:

- a) **Time allowed: Three hours**
- b) **Answer any FIVE questions**
- c) **All questions carry equal marks.**

1. Identify the information you would include in a Trading Account and in a Profit and Loss Account and summarise the importance of these accounts to the financial operations of organisations
2. You have been asked to explain three different types of costs facing organisations. What information would you include in your explanations?
3. Calculate the breakeven point and the overall profit of a project using the following information:

Total sales (in units)	240,000
Selling price per unit	£ 12.00
Variable cost per unit	£ 4.00
Total Fixed Costs	£ 100,000

4. Use this financial information to calculate the following:

	£
	(000's)
Sales Revenue	850
Cost of sales	290
Total of all other expenses	150
Closing debtors	80
Average value of stock	40
Closing current assets	290
Closing current liabilities	190



- Using the above information calculate the following:
- Percentage gross profit
 - Percentage net profit
 - Current ratio
5. Explain what you understand by the following accounting terms:
- Trial balance
 - Cash book
 - The Journal
6. Write notes on three of the following:
- Fixed assets
 - Depreciation
 - Share capital
 - Bank reconciliation statements
7. Explain what you understand by the term 'profit/volume chart' and summarise the benefit of this chart to cost control
8. Summarise the importance of the Finance and Accounting Department to the effective operations of commercial and non-commercial organisations