Accounting, Economics and Finance

SAMPLE PAPER

Time allowed: 1.5 hours (90 minutes)

Standard non-programmable calculators are allowed.

As the format and topics of this exam has changed for 2027, this sample paper has been created to give you an idea of what to expect and help you prepare.

Answer **TWO** questions only

Each question is worth 50 marks. The paper is marked out of 100.

Please read the questions carefully. You should answer **2** questions across the **whole paper**. Each question is worth **50** marks.

Section A: Accounting

1. A company's share price has increased significantly, but its profits have remained unchanged. Does this mean the company has become more successful? Consider the information that investors, managers, and accountants use when judging performance. (50 marks)

2. Can accountants accurately measure everything that contributes to business success? Consider factors such as employee skills, innovation, reputation, customer loyalty, and organisational culture. (50 marks)

3. A business expected sales of £200,000 for the year but achieved actual sales of £180,000.

    a) Calculate the sales variance. (5 marks)

    b) Is the variance favourable or adverse? (5 marks)

    c) What might explain the difference between expected and actual performance? (40 marks)

Please turn over

Section B: Economics

4. Should governments increase the minimum wage whenever the cost of living rises? Discuss the potential effects on workers, businesses, consumers, and unemployment. (50 marks)

5. Some economists argue that income inequality encourages innovation and hard work, while others argue that it creates social and economic problems. Which view do you find more convincing? Support your answer with reasoning and evidence. (50 marks)

6. Over a five-year period, a country's GDP increases from £1.8 trillion to £2.1 trillion.

    a) Calculate the percentage growth in GDP. (10 marks)

    b) Does economic growth necessarily mean that people's lives have improved? (40 marks)

Please turn over

Section C: Finance

7. "Taking on debt is often seen as risky, but many successful businesses rely on borrowing." When can debt help an organisation succeed, and when can it become a problem? Discuss. (50 marks)

8. If you received £10,000 today, would it be better to spend it, save it, or invest it? Explain your decision and discuss the factors that would influence your choice. (50 marks)

9. You invest £5,000 in an account paying 5% compound interest per year.

    a) Calculate the value of the investment after one year. (10 marks)

    b) Explain why compound interest is often described as one of the most powerful concepts in finance. (40 marks)

End of Paper