



HOW TO PREPARE FOR A LEVEL ACCOUNTING

Accounting is a new subject for everyone - you cannot study it at GCSE. So, in order to preparing yourself to learn this new subject have a go at the following challenges. GOOD LUCK!

Challenge 1

Accounting Terms and Definitions - write down the definitions and examples (if appropriate) for the following terms:

- Revenue
- Purchases
- Gross Profit
- Profit for the Year
- Income Statement
- Statement of Financial Position
- Depreciation
- Assets
- Liabilities
- Capital
- Non-Current Assets
- Current Assets
- Non-Current Liabilities
- Current Liabilities
- Trade Payables
- Trade Receivables
- Sales Returns
- Purchase Returns
- Drawings
- Trade Discount
- Cash Discount
- Share Dividend
- Standing Order
- Direct Debit
- Fixed Costs
- Variable Costs
- Semi-Variable Costs
- Marginal Cost
- Contribution
- Break Even



Challenge 2

Sources of Finance - for each of the following sources of finance for business organisations write down the key features, together with two advantages and two disadvantages:

- Owner's Capital
- Bank Overdraft
- Bank Loan
- Ordinary Shares
- Debentures

Challenge 3

Business Organisations – write down definitions and find some examples for the following types of business organisations: Sole Trader, Partnership and a Limited Company. Copy out the table and fill in the missing information:

	Sole Trader	Partnership	Limited Company
Ownership <i>Who owns the business?</i>			
Management <i>Who makes the decisions?</i>			
Type of Liability <i>Limited or unlimited?</i>			
Advantages 2 bullet points			
Disadvantages 2 bullet points			

Challenge 4

Financial Statements - visit the share price and stock market section of the website of Hargreaves Lansdown, an investment company: <https://www.hl.co.uk/shares/stock-market-summary/ftse-100>
Scroll down and select five well-known companies of your choosing and for each company record the following financial information:

- Cost to buy one share
- Revenue for the year ending
- Profit before tax for year ending
- Final dividend paid to shareholders



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Extension Task: choose any three companies and justify your reasons for selecting them. Invest a virtual (pretend!) £5000 in each company. Record how many shares you bought, the date and how much you paid for each share. Track and record the share price and calculate any capital gain or loss in each company every Tuesday for a period of four weeks.

Mr Hesslegrave's top share picks are Unilever, Glaxo Smithkline, Diageo, HSBC Holdings, National Grid, JD Sports, Royal Dutch Shell Plc A and Tesco.

GOOD LUCK!